

**RAND WEST CITY
LOCAL MUNICIPALITY**



**2017/18 MEDIUM
TERM REVENUE
AND
EXPENDITURE
Budget Document**

May 2017

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Abbreviations and Acronyms

AMR	Automated Meter Reading
B2B	Back to Basics Programme
BSC	Budget Steering Committee
CBD	Central Business District
CFO	Chief Financial Officer
CPI	Consumer Price Index
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWS	Department of Water and Sanitation
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free Basic Services
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
ICT	Information and Communications Technology
IDP	Integrated Development Strategy
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt hour
LED	Local Economic Development
LGSETA	Local Government Skills Education Training Authority
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTREF	Medium-Term Revenue and Expenditure Framework
NDP	National Development Plan
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
PBO	Public Benefit Organisations
PHC	Primary Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System

RWCLM Rand West City Local Municipality
SALGA South African Local Government Association
SAPS South African Police Service
SDBIP Service Delivery Budget Implementation Plan
SDGs Sustainable Development Goals
SMMEs Small Micro and Medium Enterprises
TG Transformation Grant
TMR Transformation Modernisation and Re-Industrialisation
WRDM West Rand District Municipality

Part 1 – Annual Budget

1.1 Mayor's Report

This report will be delivered by the Executive Mayor in his budget speech to Council on 30 May 2017 when the first post-merger budget of the Rand West City Local Municipality is officially submitted to council for consideration and approval.

The 2017/18 MTREF submitted to Council for approval is the first actual post-merger budget for the Rand West City Local Municipality (RWCLM) since the establishment of this municipality after the local government elections held in August 2016. Incidentally this budget process, in addition to the macro socio-economic and fiscal contexts framing the local government space and the country in general, also presented the municipality with significant challenges considering the major financial and institutional legacies inherited from the two disestablished municipalities of Randfontein and Westonaria.

Pertaining to the financial bequests of the RWCLM, it should be noted that the different tariff dispensations which were applicable in the two former municipalities had a substantial impact on the 2017/18 revenue proposals of this municipality. The RWCLM had to traverse an intricate balance between the complex tariff principles of cost-reflectiveness and affordability in the process of standardising this municipality's tariff structures for the 2017/18 MTREF. A detailed study will be undertaken during the next budget process to design a comprehensive tariff model that will enhance the future financial viability and sustainability of the municipality over the ensuing three to five financial years.

Further work is also required in the next financial year to firstly ensure that the municipality's revenue enhancement measures are aggressively rolled out especially in respect of the reduction of water and electricity distribution losses. Secondly, a wide-ranging cost containment strategy must be formulated and implemented to effectively manage the constant upward pressures on the municipality's expenditure budget.

Concerning the institutional legacies inherited by the municipality, it will be imperative that the financial implications of the new organisational structure of the RWCLM is prudently managed to ensure that employee related costs do not spiral out of control. In this regard, the proper costing of the new organisational structure, urgent finalisation of the placement and migration processes and the filling of critical vacancies must be carefully managed to ensure that the municipality's personnel expenditure levels remain within the benchmark set by the National Treasury (NT).

1.2 Council Resolutions

On 30 May 2017 the Council of Rand West City Local Municipality met in the Council Chambers of the municipality in Randfontein to consider the Medium Term Revenue and Expenditure Framework (annual budget) of the municipality for the financial year 2017/18. The Council approved and adopted the following resolutions:

1. That in terms of section 24 of the Municipal Finance Management Act, 2003 (Act 56 of 2003), the annual budget of the municipality for the financial year 2017/18 and the multi-year appropriations as set out in the following tables as contained in the Budget Document are approved:
 - 1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) – Table 14 on page 27;
 - 1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) – Table 15 on page 28;
 - 1.3. Budgeted Financial Performance (revenue by source and expenditure by type) – Table 16 on page 29;
 - 1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source – Table 17 on page 30;
 - 1.5. Budgeted Financial Position – Table 18 on page 32;
 - 1.6. Budgeted Cash Flows – Table 19 on page 33;
 - 1.7. Cash backed reserves and accumulated surplus reconciliation – Table 20 on page 33; and
 - 1.8. Asset management – Table 21 on page 35.
2. That the Basic Service Delivery Measurement as set out in Table 20 on page 38 be noted.
3. That in terms of section 75A of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) the tariffs for property rates, electricity, the supply of water, sanitation services as well as refuse removal services as set out in the Municipal Tariff Book **Annexure “2”** be approved with effect from 1 July 2017.
4. That it be noted that the implementation of the proposed increase in electricity tariffs is subject to the approval of the National Electricity Regulator of South Africa (NERSA).
5. That in terms of section 75A of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) the tariffs for sundry services as set out in **Annexure “2”** be approved with effect from 1 July 2017.
6. That the following budget-related policies for the Rand West City Local Municipality be approved:

- 6.1 Bad Debt Write Off policy (Annexure “3”)
- 6.2 Borrowing Policy (**Annexure “4”**)
- 6.3 Budget Policy (**Annexure “5”**)
- 6.4 Capital Planning project policy (**Annexure “6”**)
- 6.5 Cash and Investment Policy (**Annexure “7”**)
- 6.6 Contract Management Policy (**Annexure “8”**)
- 6.7 Credit Control and Debt Collection Policy (Annexure “9”)
- 6.8 Fixed Asset Management Policy (**Annexure “10”**)
- 6.9 Funding and Reserves Policy (**Annexure “11”**)
- 6.10 Indigent Support Policy (**Annexure “12”**)
- 6.11 Inventory Policy (**Annexure “13”**)
- 6.12 Insurance Policy (**Annexure “14”**)
- 6.13 Irregular, Unauthorised, Fruitless and Wasteful Expenditure Policy (**Annexure “15”**)
- 6.14 Long Term Financial Planning Policy (**Annexure “16”**)
- 6.15 Property Rates Policy (**Annexure “17”**)
- 6.16 Supply Chain Management Policy (**Annexure “18”**)
- 6.17 Tariff Policy (**Annexure “19”**)
- 6.18 Unclaimed deposit policy (**annexure “20”**)
- 6.19 Virement Policy (**Annexure “21”**)
7. That the Acting Municipal Manager in terms of section 24(3) of the Municipal Finance Management Act, 2003 (Act 56 of 2003), submit the approved budget of the municipality to the National Treasury and the Gauteng Provincial Treasury.
8. that cognizance be taken that all indigent households who have been registered, verified and approved with a threshold of R4,000-00 and less be accorded assistance as follows:-
 - 6 kl free water
 - 50 kWh free electricity
 - Full subsidy for property rates
 - Full subsidy for sanitation
 - Full subsidy for refuse removal

1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the recently established Rand West City Local Municipality (RWCLM) achieves fiscal consolidation and financial viability over the medium term and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality's strategic and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority areas and programmes to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core items as part of the municipality's cost containment measures incorporated into the approved financial recovery plan.

The municipality has embarked on implementing a range of revenue enhancement measures to optimise the collection of levies and outstanding debt owed by consumers and ensure the systematic reduction in water and electricity distribution losses. Furthermore, the municipality will undertake various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 85 and 86 were used to guide the compilation of the 2017/18 MTREF. The CPI forecast for 2017/18 is estimated at 6.4% and 5.7% and 5.6% respectively for the two outer years. National Treasury (NT) urges municipalities to carefully consider the costs associated with service delivery while keeping in mind affordability and inflation when setting revenue raising measures. Furthermore, NT reminds municipalities that approving tariffs that are less than the cost associated with providing the services will negatively impact financial sustainability.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarised as follows:

- The ongoing challenges in the national and local economy in respect of low economic growth, unemployment, inequality and poverty;
- The post-merger issues impacting on institutional stability and financial viability of the newly established RWCLM;
- The implementation of uniform tariffs for the newly merged entity taking into consideration the different tariffs previously effected in the two disestablished municipalities.
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and unfavourable cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Rand Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable as this will impact negatively on the affordability capacity of consumers;

- Wage increases for municipal staff that continue to exceed consumer inflation, filling of critical vacancies, as well as the need to address the post-merger institutional transformation issues;
- Affordability of capital projects – as part of the 2017/18 MTREF budget preparation process the funding of the capital budget had to be constrained to intergovernmental grant allocations due to the current liquidity challenges experienced by the municipality;

The following budget principles and guidelines directly informed the compilation of the 2017/18 MTREF:

- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should consider the need to address infrastructure backlogs;
- Standardisation of the different tariff structures of the former Randfontein and Westonaria local municipalities to ensure uniformity, equity and affordability across the newly demarcated municipal area;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budgets and have been gazetted as required by the annual Division of Revenue Act;

In view of the afore-mentioned, the following table is a consolidated overview of the proposed 2017/18 Medium-Term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2017/18 MTREF

R thousand	Adjusted Budget 2016/17	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Total Operating Revenue	(1 449 692)	(1 554 645)	(1 647 226)	(1 797 851)
Total Operating Expenditure	1 442 805	1 548 845	1 634 610	1 733 877
(Surplus)/Deficit for the year	(6 888)	(5 801)	(12 617)	(63 974)
Total Capital Expenditure	270 631	156 634	218 496	203 652

Total operating revenue has grown by 7.2 per cent or R104.9 million for the 2017/18 financial year when compared to the 2016/17 Adjustments Budget. For the two outer years, operational revenue will increase by 6.0 and 9.1 per cent respectively, equating to a total revenue growth of R348.2 million over the MTREF when compared to the 2016/17 financial year.

Total operating expenditure for the 2017/18 financial year has been appropriated at R1.549 billion and translates into a budgeted surplus of R5.8 million. When compared to the 2016/17 Adjustments Budget, operating expenditure escalates by 7.3 per cent in the 2017/18 budget and by 5.5 and 6.1 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years slightly increases to 12.6 million and then escalates sharply to R63.9

million. These surpluses will be used in the outer years to fund high priority capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R156.6 million for 2017/18 is 42.1 per cent less when compared to the 2016/17 Adjustment Budget. The reduction is due to various projects being finalised in the previous financial year as well as affordability constraints in the light of current fiscal circumstances of the municipality. The capital programme increases to R218.5 million in the 2018/19 financial year and then shows a slight drop in 2019/20 to R203.7 million. The capital budget will be fully funded from capital grants over MTREF with an anticipated review of the capital funding mix to be undertaken during the preparation of the 2018/19 MTREF. This review of the funding sources will determine whether the municipality can create additional financing capacity for capital investments from borrowings and internally generated revenue over the next 3 to 5 years as part of the financial recovery plan.

1.4 Operating Revenue Framework

For Rand West City to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough socio-economic times, strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with massive development backlogs and increasing levels of unemployment and poverty in our communities. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices must be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Anticipated growth in the municipal area and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services such as water, electricity, sanitation and refuse removal;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service and considering the different tariff regimes which obtained in the two disestablished municipalities of Randfontein and Westonaria;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs; and
- The municipality's Indigent Policy and rendering of free basic services.

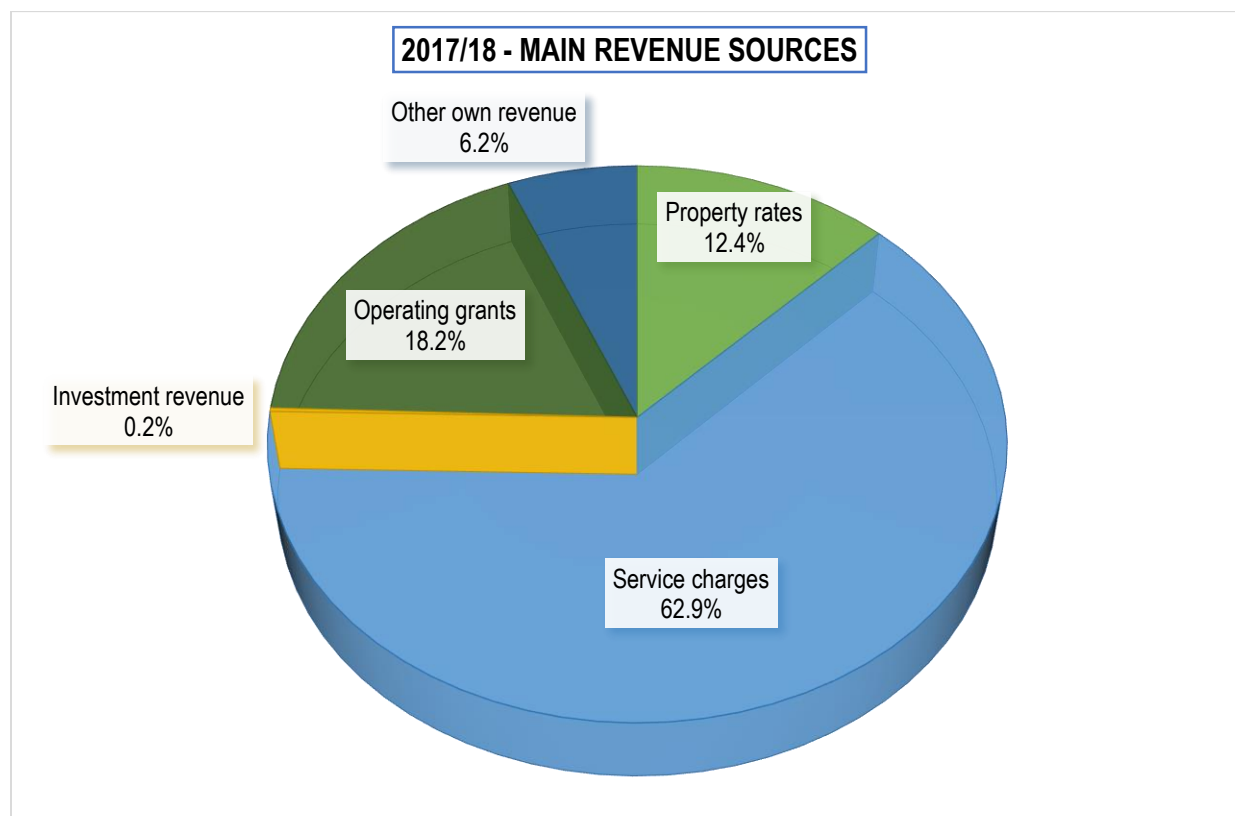
The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description R thousand	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Source						
Property rates	198,964	198,964	198,964	192,778	203,871	250,640
Service charges - electricity revenue	643,529	516,892	516,892	586,744	616,125	659,207
Service charges - water revenue	240,608	274,703	274,775	286,403	303,587	321,802
Service charges - sanitation revenue	52,839	46,319	46,319	50,606	53,643	56,861
Service charges - refuse revenue	60,026	54,964	54,964	51,940	55,057	58,360
Service charges - other	2,808	2,808	2,808	2,850	2,305	2,444
Rental of facilities and equipment	3,421	3,421	3,421	3,626	3,844	4,075
Interest earned - external investments	2,591	2,591	2,591	3,193	3,385	3,588
Interest earned - outstanding debtors	17,461	17,461	17,461	18,509	19,842	21,033
Dividends received	–	–	–	50	53	56
Fines, penalties and forfeits	15,750	10,000	10,000	10,599	11,235	11,909
Licences and permits	124	124	124	86	91	96
Agency services	25,500	17,274	17,274	28,365	30,067	31,871
Transfers and subsidies	260,649	270,249	270,249	283,054	306,128	335,637
Other revenue	33,922	33,922	33,922	35,842	37,993	40,273
Gains on disposal of PPE				–	–	–
Total Revenue (excluding capital transfers and contributions)	1,558,193	1,449,692	1,449,764	1,554,645	1,647,226	1,797,851

In line with the formats prescribed by the Municipal Budget and Reporting Regulations (MBRR), capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

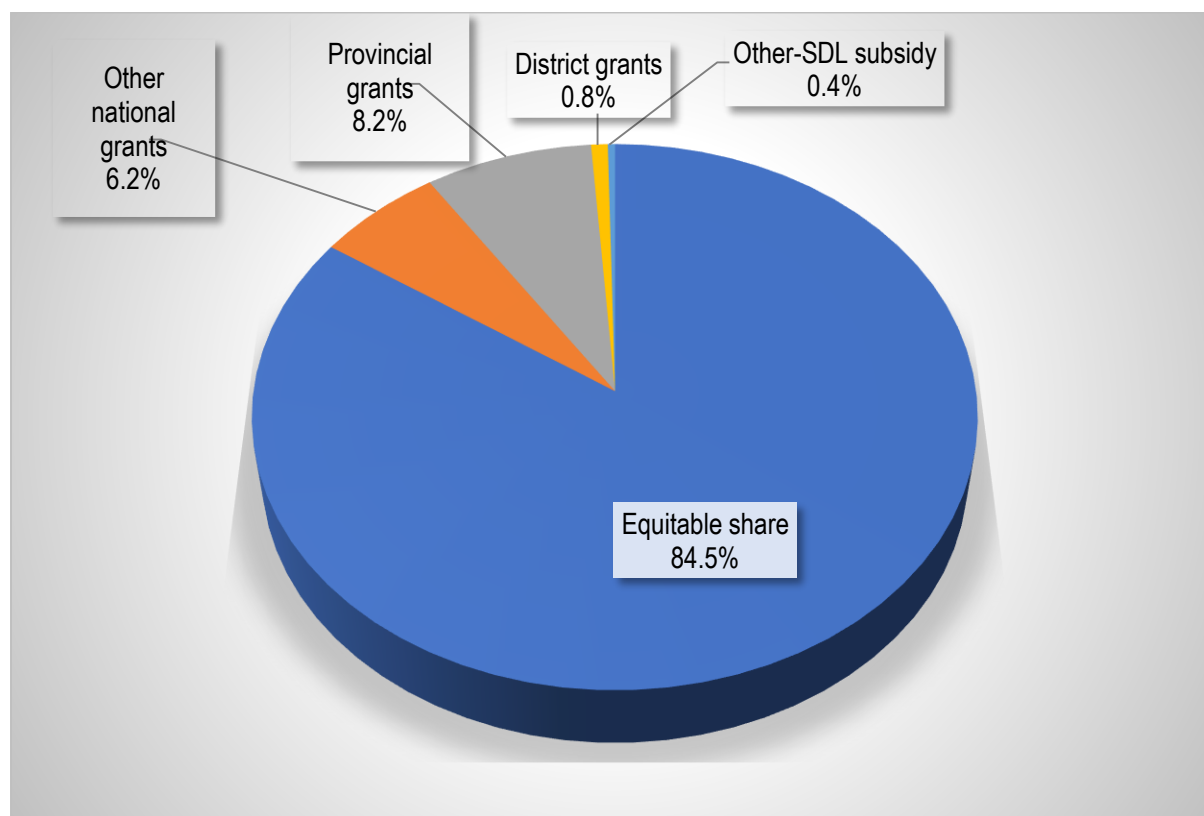
Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality. Rates and service charge revenues comprise slightly more than three quarters of the total revenue mix. In the 2016/17 financial year, revenue from rates and services charges totalled R1.09 billion or 75.5 per cent of total operating revenue. This increases to R1.17 billion, R1.23 billion and R1.35 billion in the respective financial years of the MTREF.

Figure 1 Main sources of revenue for the 2017/18 financial year

Electricity is the largest source of revenue for the municipality, contributing R586.7 million or 73.7 per cent of total revenue in 2017/18 and escalates to R659.2 million in 2019/20. Revenue from water service charges in the 2017/18 financial year amounts to R286.4 million or 18.4 per cent of total revenue and increases to R321.8 million in 2019/20.

Property rates is the third largest own revenue source after water service charges totalling 12.4 per cent or R192.8 million rand and increases to R250.6 million by 2019/20.

Operating grants and transfers totals R283.1 million in the 2017/18 financial year and steadily increases to R335.6 million by 2019/20. Note that the year-on-year growth for the 2017/18 financial year is marginal at 4.7 per cent and then shows an upward trend to 8.2 and 9.6 per cent in the two outer years. The municipality's equitable share allocation is the largest operating grant to be received by the municipality over the medium term and increases to R239.1 million in 2017/18 and escalates steadily to R303 million in 2019/20. The figure below provides a breakdown of the 2017/18 operating transfers and grants.

Figure 2 Main operational expenditure categories for the 2017/18 financial year

The following table shows a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts

Description R thousand	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:						
<u>Operating Transfers and Grants</u>						
National Government:	240,994	240,994	240,994	251,551	280,891	309,039
Local Government Equitable Share	216,728	216,728	216,728	239,112	275,335	303,044
Local Government Equitable Share	4,375	4,375	4,375			
Municipal Demarcation Transition Grant	9,714	9,714	9,714	4,566		
Local Government Financial Management Grant	2,950	2,950	2,950	3,100	3,356	3,616
EPWP Incentive	3,927	3,927	3,927	2,673		
Infrastructure Skills Development Grant	3,300	3,300	3,300	2,100	2,200	2,379
Other transfers/grants GRAP]						
Provincial Government:	17,521	14,881	14,881	23,160	17,160	18,000
Libraries Plan Grant	800	800	800	3,000		
Department of Co-operative Governance - GRAP 17	1,000	1,000	1,000	1,000		
Department of Co-operative Governance - PMS	2,000	2,000	2,000	1,000		
Recapitalisation of community Libraries Grant	13,721	11,081	11,081	17,160	17,160	18,000
EPWP Incentive				1,000		
District Municipality:	2,148	2,148	2,148	2,296	-	-
HIV/Aids District Grant	2,148	2,148	2,148	2,296		
Other grant providers:	3,575	3,575	3,575	3,000	-	-
SDL Subsidy	3,575	3,575	3,575	3,000	-	-
Total Operating Transfers and Grants	264,238	261,598	261,598	280,007	298,051	327,039

Tariff Setting

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised input costs, tariff structures in the two disestablished municipalities and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all

increases in excess of the 6.4 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increase of Eskom is well below inflation whilst the Rand Water bulk tariffs are far above the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's trading services' tariffs are largely outside the control of the municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the RWCLM has undertaken the tariff setting process relating to service charges as follows.

The table below highlights the proposed percentage increase in tariffs per main service category.

Table 4 Proposed tariff increases for the 2017/18 financial year

Revenue category	2017/18 Average tariff increase
Electricity	1.8%
Water	10.2%
Sanitation	6.4%
Refuse	6.4%
Property rates	7.0%

The various tariff proposals are discussed per revenue stream below.

1.4.1 Property Rates

A municipality levies rates on all rate-able property in its area to fund the non-revenue generating services. The determination of tariffs takes into account the affordability as well as fairness of the rate ratios between categories of properties.

Property rates amount to R192.8 million in the 2017/18 budget year and increases to R250.6 million by 2019/20. In accordance with the Municipal Property Rates Act, 2004 (MPRA) and the RWCLM Property Rates Policy, the municipality has opted to differentiate between various categories of properties and property owners. Some categories of property and owners may be granted relief, exemption, rebate or reduction in the payment of property rates in accordance with the approved policy.

The property rates of former Randfontein were lower than the rates of former Westonaria. The general increase for former Randfontein properties will be 7 per cent whilst the Westonaria community will experience a decrease in their property rates. The variation will have direct impact on the revenue of the municipality but the revenue forecast was conservative to allow for this variation. Further investigations during the next budget cycle still need to be undertaken to address this fluctuation.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2017/18 financial year based on an average 7 per cent increase from 1 July 2017 is contained below:

Table 5 Comparison of proposed rates to be levied for the 2017/18 financial year

Detailed Category	Former Randfontein 2016/17	Former Westonaria 2016/7	Rand West Proposed 2017/18	Exemption	Rebate
Agricultural properties	0,0030	0,0117	0,0032	0	Can Apply
Commercial / Industrial	0,0294	0,0329	0,0300	0	10%
Business	0,0294	0,0329	0,0300	0	10%
State-owned properties	0,0294	0,0307	0,0300	0	0
Mining	0,0294	0,0310	0,0300	0	0
Multipurpose	0,0294	0,0329	0,0300	0	25%
Public Service Infrastructure	0,0034	0,0307	0,0036	0	0
Public Open Space	0,0034	0,0307	0,0036	0	0
Parking	0,0118	0,0307	0,0126	0	0
Recreation	0,0294	0,0307	0,0315	0	25%
Residential	0,0118	0,0159	0,0126	R50 000	10%
Sectional Title	0,0118	0,0159	0,0126	R50 000	10%
Vacant Stands	0,0508	0,1590	0,0569	0	0
Municipal Property (rateable)	0,0118	0,0307	0,0126	R50 000	10%
Educational	0,0294	0,0307	0,0315	0	0
Religious (Public worship)	0,0000	0,0000	0,0000	0	Can Apply
Private Open Spaces	0,0294	0,0159	0,0315	0	25%

Detailed Category	Former Randfontein 2016/17	Former Westonaria 2016/7	Rand West Proposed 2017/18	Exemption	Rebate
Institute	0,0294	0,0329	0,0315	0	0
Private Owned PSI	0,0341	0,0329	0,0365	0	25%
Township Title Properties	0,0118	0,0159	0,0126	R50 000	10%
Servitudes	0,0118	0,0159	0,0126	R50 000	10%
Public Benefit Organisations	0,0029	0,0307	0,0031	0	75%

1.4.2 Sale of Water and Impact of Tariff Increases

National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

Rand Water has increased its bulk tariffs with 10.2 per cent from 1 July 2017, which increase contributes significantly to the municipality's water input cost.

An average tariff increase of 12 per cent from 1 July 2011 for water is proposed whilst Westonaria consumers will have a much higher increase which will be offset by the reduction they will receive on the property rates tariffs. The proposed increase is based on input cost assumptions of 10.2 per cent increase in the cost of bulk water (Rand Water), the cost of other inputs increasing and a surplus generated on the water service. In addition 6 kℓ water per 30-day period will again be granted free of charge to all registered indigents. The municipality will also be introducing new tariffs relating to the basic charge of R32 for Randfontein consumers.

The effect of the tariff increase will affect the consumers from the two disestablished municipalities differently as outlined below. A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

Consumer type	Charge Type	Former Randfontein 2016/17	Former Westonaria 2016/17	Rand West Proposed 2017/18	Randfontein Change	Westonaria Change
Residential / Flats	Basic Charge	30.08	28.24	32.01	6.4%	13.3%
	0-6 kℓ (Non-indigents)	12.43	11.67	13.92	12.0%	19.3%
	7 to 10 kℓ	20.57	13.07	23.04	12.0%	76.3%
	11 to 20 kℓ	22.92	18.22	25.67	12.0%	40.9%
	21 to 30 kℓ	23.29	20.3	26.08	12.0%	28.5%
	31 kℓ and more	25.04	22.18	28.04	12.0%	26.4%
Business and Industries	Basic Charge	500	250	532.00	6.4%	112.8%
	0-100 kℓ	21.93	21.93	24.56	12.0%	12.0%
	101 to 199 kℓ	20.99	20.99	23.51	12.0%	12.0%
	200 kℓ and more	23.00	0	25.76	12.0%	100.0%
Schools, Churches and Welfare Institution Bids	up to 200 kℓ	18.57	14.12	20.80	12.0%	47.3%
	exceeding 200 kℓ	18.57	17.44	20.80	12.0%	19.3%
Mines bulk	bulk water	12.63	11.86	14.15	12.0%	19.3%
Supply of unmetered water	Deemed Consumption: 30 kℓ	182.83	171.66	204.77	12.0%	19.3%
Informal settlement	kℓ	18.04	15.98	20.20	12.0%	26.4%
Vacant Stands	Per residential stand per month	144.34	135.52	161.66	12.0%	19.3%
	Per non-residential stand per month	204.48	191.99	229.02	12.0%	19.3%

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 1.8 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2017.

Considering the Eskom increases, the increase in the consumer tariff is also proposed at 1.8 per cent from 1 July 2017. Registered indigents will be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 7 Comparison between current electricity charges and increases (Domestic)

Domestic consumers with **Conventional electricity** meters (non-indigent households).

Tariffs blocks kwh	Tariffs c/kWh 2016/2017	Approved tariffs (c/kWh) 2017/2018
Block 1 (0 – 50) kWh	120.00	120.00
Block 2 (51 – 350) kWh	120.00	120.00
Block 3 (351 - 600) kWh	154.00	157.00
Block 4 (600) kWh	181.00	185.00
Basic Charge(R/Month)	131.07	55.00

Domestic consumers with **prepaid electricity** meters (non-indigent households).

Tariffs blocks kwh	Tariffs c/kWh 2016/2017	Approved tariffs (c/kWh) 2017/2018
Block 1 (0 – 50) kwh	111.00	113.08
Block 2 (51 – 350) kwh	111.00	113.08
Block 3 (351 - 600) kwh	152.00	154.86
Block 4 (600) kwh	180.00	183.38
Basic Charge(R/Month)	50.00	55.00

Domestic consumers with **prepaid electricity** meters (Indigent households)

Tariffs blocks kwh	Tariffs c/kwh 2016/2017	Approved tariffs (c/kWh) 2017/2018
Block 1 (0 - 100) kwh	120.00	113.00
Block 2 (101 - 350) kwh	120.00	113.00
Block 3 (351- 600) kwh	154.00	154.00
Block 4 (600) kwh	181.00	185.00
Basic Charge(R/Month)	0	0

Domestic consumers with **conventional electricity** meters (Indigent households)

Tariffs blocks kwh	Tariffs c/kwh 2016/2017	Approved tariffs (c/kWh) 2017/2018
Block 1 (0 - 100) kwh	120.00	113.00
Block 2 (101- 350) kwh	120.00	113.00
Block 3 (351 - 600)kwh	154.00	157.00
Block 4 (600) kwh	181.00	185.00
Basic/Fixed charge: R/month	0	0

1.4.4 Sanitation and Impact of Tariff Increases

An average tariff increase of 6.4 per cent for sanitation from 1 July 2017 is proposed. This is based on the input cost assumptions and balancing the standardization of tariff structures across the municipal area. It should be noted Sanitation charges are currently calculated according to the size of the property as indicated in the table below. This methodology will be reviewed and the municipality will investigate the possibility of introducing sanitation charges calculated according to the percentage water discharged.

Free sanitation will be applicable to all registered indigents. The total revenue expected to be generated from rendering this service amounts to R50.6 million for the 2017/18 financial year.

The following table compares the current and proposed tariffs:

Table 8 Comparison between current sanitation charges and increases

Type	Charge Type (Size of property)	Former Randfontein 2016/17	Former Westonaria 2016/17	Rand West Proposed 2017/18	Randfontein % Change	Westonaria % Change
Size of Stand	0-350 m ²	22.52	53.00	24.21	7,5%	-48,66%
	351-600 m ²	33.22	79.50	35,71	7,5%	-55,08%
	601-800 m ²	33.22	100.70	35,71	7,5%	-64,53%
	801- 1000 m ²	33.22	121.90	35,71	7,5%	-70,70%
	1 001-1 200 m ²	43.21	132.50	46,45	7,5%	-64,94%
	1 201-1 400 m ²	43.21	143.10	46,45	7,5%	-67,54%
	over 1 401 m ²	177.71	169.60	170,68	-3,95%	-0,64%
Bulk water	Over 150 kℓ	0.89	0.89	0.95	6.40%	6,40%
Additional Levy	House/Flats	104.06	65.00	110.72	6.40%	0,64%
	Business/ Industries/ Hotels/ Govt per point	114.36	114.36	121.68	6.40%	6.40%
	Bulk water per kℓ	4.32	4.32	4.60	6.40%	6.40%
Vacuum Tanker service	per kℓ	139.05	139.05	147.95	6.40%	6.40%
VIP Toilets and Buckets	per suction	53.00	53.00	56.39	6.40%	6.40%
Availability Charge vacant stands	Residential	167.58	167.58	178.31	6.40%	6.40%
	Non-residential	233.20	233.20	248.12	6.40%	6.40%

1.4.5 Refuse Removal and Impact of Tariff Increases

An average 6.4 per cent increase in the waste removal tariff is proposed from 1 July 2017. The increase in revenue is not clearly realistic as compared to the suggested tariff increase. The municipality should note that the waste department cost far exceed the revenue generated. The revenue generated by this service is not sufficient to cover the cost of the service incurred by the municipality. Aging infrastructure and the cost of maintaining landfill site are very high, the other key challenge is the level of service the municipality provides to the communities. The municipality's service level standard is to collect refuse once every week from residential consumers and for certain business customers the service is extended to a more frequent basis.

The following table compares current and proposed amounts payable from 1 July 2017:

Table 9 Comparison between current waste removal fees and increases

Consumer type	Charge Type (Size of property)	Former Randfontein 2016/17	Former Westonaria 2016/17	Rand West Proposed 2017/18	Randfontein % Change	Westonaria % Change
Business Daily	Monthly	749.50	749.50	797.47	6.40%	6.40%
Business	Per Bin	266.00	563.62	300.00	12.78%	(46.82)%
Institutions	Per Bin	265.56	265.56	282.56	6.40%	6.40%
Residential/Flats	Per Bin	130.94	152.26	143.00	9.21%	(6.08)%
Old Age Homes	Per Bin	38.44	76.13	43.00	11,86%	(43.52)%
Industrial	Per M ³	58.31	102.00	108.53	86.12%	6.40%

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 10 MBRR Table SA14 – Household bills

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates							256.64	7.5%	275.89	292.44	309.99
Electricity: Basic levy							50.00	–	50.00	53.00	56.18
Electricity: Consumption							–	2.0%	–	–	–
Water: Basic levy							–	12.0%	–	–	–
Water: Consumption							136.29	12.0%	152.64	161.80	171.51
Sanitation							126.64	6.4%	134.74	142.83	151.40
Refuse removal							152.26	6.4%	162.00	171.72	182.03
Other							10.00	–	10.00	10.60	11.24
sub-total		–	–	–	–	–	731.83	–	785.28	832.40	882.34
VAT on Services							65.25		65.25	69.17	73.31
Total large household bill:		–	–	–	–	–	797.08	–	850.53	901.56	955.66
% increase/-decrease			–	–	–	–	–		6.7%	6.0%	6.0%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates							619.50	7.5%	665.96	705.92	748.28
Electricity: Basic levy							131.07	–	131.07	138.93	147.27
Electricity: Consumption							580.42	2.0%	592.03	627.55	665.20
Water: Basic levy							–	12.0%	–	–	–
Water: Consumption							136.29	12.0%	152.64	161.80	171.51
Sanitation							256.32	6.4%	272.72	289.09	306.43
Refuse removal							259.09	6.4%	275.67	292.21	309.74
Other							10.00	–	10.00	10.60	11.24
sub-total		–	–	–	–	–	1,992.69	–	2,100.10	2,226.11	2,359.67
VAT on Services							160.75		160.75	170.40	180.62
Total small household bill:		–	–	–	–	–	2,153.44	–	2,260.85	2,396.50	2,540.29
% increase/-decrease			–	–	–	–	–		5.0%	6.0%	6.0%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates							–	7.5%	–	–	–
Electricity: Basic levy							–	–	–	–	–
Electricity: Consumption							–	2.0%	–	–	–
Water: Basic levy							–	12.0%	–	–	–
Water: Consumption							183.36	12.0%	205.36	217.68	230.75
Sanitation							–	6.4%	–	–	–
Refuse removal							–	6.4%	–	–	–
Other							10.00	–	10.00	10.60	11.24
sub-total		–	–	–	–	–	193.36	–	215.36	228.28	241.98
VAT on Services							25.67		25.67	27.21	28.84
Total small household bill:		–	–	–	–	–	219.03	–	241.03	255.50	270.82
% increase/-decrease			–	–	–	–	–		10.0%	6.0%	6.0%

1.5 Operating Expenditure Framework

The municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high-level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

Table 11 Summary of operating expenditure by standard classification item

Description R thousand	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Expenditure by Type						
Employee related costs	453,467	462,067	462,067	490,246	524,695	561,183
Remuneration of councillors	27,904	24,904	24,904	26,361	28,105	29,970
Debt impairment	45,755	20,755	20,755	27,209	28,842	30,573
Depreciation & asset impairment	142,182	162,182	162,182	172,624	182,981	193,960
Finance charges	4,942	4,942	4,942	5,768	5,585	5,921
Bulk purchases	627,738	592,738	592,738	613,245	650,040	689,042
Other materials				72,379	66,575	66,575
Contracted services	37,157	40,157	40,157	42,567	45,121	47,828
Transfers and subsidies	420	1,500	1,500	1,590	–	–
Other expenditure	213,078	133,560	133,560	96,855	102,666	108,826
Loss on disposal of PPE				–	–	–
Total Expenditure	1,552,643	1,442,805	1,442,805	1,548,845	1,634,610	1,733,877

The operating expenditure for 2017/18 is estimated at R1.549 billion which will increase to R1.734 billion in 2019/20. The increase relates mainly to the increase in bulk tariffs for water and electricity as well as expected increase in employee costs. The municipality also requires significant resources to fund infrastructure maintenance.

The employee related costs amount to R490.2 or 32.0 per cent of the total operating expenditure for the 2017/18 financial year. The employee costs were estimated using the current salary levels paid to the staff and are projected to increase to R561.2 million in 2019/20. The basic salaries for staff will increase by 7.4 per cent in line with the signed multi-year agreement. However, the fact that the organisational structure and job evaluation process are not completed ~~this~~ pose a significant risk that the budget for salaries might be understated.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The remuneration for councillors was estimated to increase by 4 per cent in the next financial year. The percentage increase was conservative based on the recently approved increase but this might change depending on the recommendation of the commission.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Rand Water. Bulk purchase expenditure for water and electricity from Rand Water and Eskom respectively will amount to R613.2 million or 41.4 per cent of total operating expenditure in 2017/18. The expenditure is unavoidable and an extreme priority in terms of service delivery and is expected to increase to R689.0 million or 41.7 per cent of total operating expenditure in 2019/20. The main concern remains the substantial loss of revenue suffered by the municipality due to technical and non-technical factors. Concerted efforts should be made to significantly reduce this distribution losses. The finance department is responsible to address the non-technical losses and efforts are made to address this challenge.

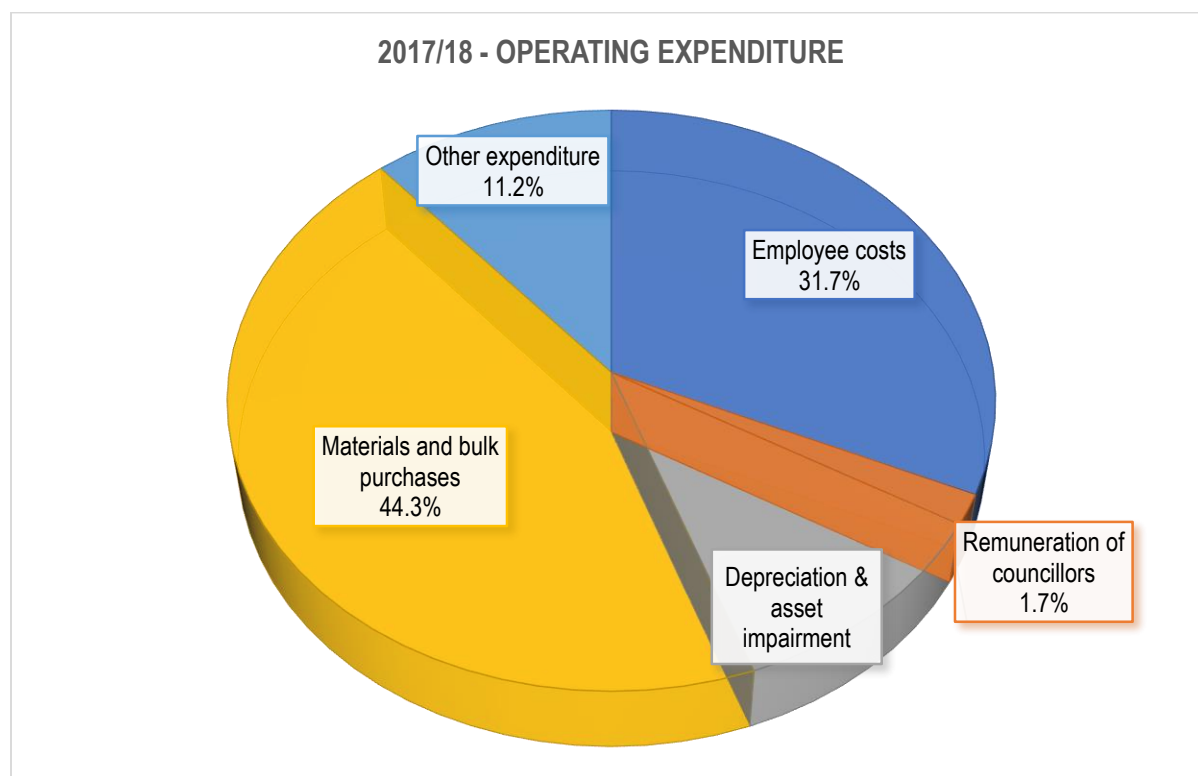
The depreciation and asset impairment expenditure amount to R172.6 million in 2017/18 or 11.1 per cent of the total operating expenditure. This expenditure item is expected to increase to R193.9 million or 10.9 per cent of the total operating expenditure budget in the 2019/20 financial year.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the municipality's repairs and maintenance plan this group of expenditures has been prioritised to ensure sustainability of the municipality's infrastructure.

Contracted services has been identified as a cost saving area for the municipality. As part of the compilation of the Financial Recovery Plan this group of expenditures was critically evaluated and operational efficiencies were enforced. In the 2017/18 financial year, this group of expenditures will be further reviewed to cost efficiencies and the implementation of cost containment measures.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditures has also been identified as an area in which cost savings and efficiencies can be achieved.

The following figure gives a breakdown of the main expenditure categories for the 2017/18 financial year.

Figure 3 Main operational expenditure categories for the 2017/18 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the 2017/18 budget and MTREF provide a total amount of R49.9 million. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's approved Indigent Policy. Detail relating to free services, cost of free basis services, revenue foregone owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

All registered indigents of the Rand West City Local Municipality will receive the following free basic services in the 2017/18 financial year: Full exemption on the payment of property rates; 50 kWh of electricity per 30-day period; 6 kℓ water per 30-day period; free sanitation and refuse removal services.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The capital expenditure over the 2017/18 medium term amounts to R156.5 million in 2017/18 and is expected to increase to R203.7 million in 2019/20. The three-year capital budget will be funded mainly from government grants due to own revenue constraints as discussed above.

The following table provides a breakdown of budgeted capital expenditure by functional classification or vote:

Table 12 2017/18 Medium-term capital budget per functional classification

Vote Description R thousand	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional						
<i>Governance and administration</i>	–	–	–	–	–	–
<i>Community and public safety</i>	39,792	34,376	34,376	22,105	12,000	10,000
Community and social services	13,845	12,845	12,845	8,933	5,000	-
Sport and recreation	25,946	21,531	21,531	13,172	7,000	10,000
Public safety						
Housing						
<i>Economic and environmental services</i>	90,577	89,233	89,233	47,818	45,643	44,246
Planning and development	48,012	48,168	48,168	-	2,000	-
Road transport	42,565	41,065	41,065	47,818	43,643	44,246
Environmental protection						
<i>Trading services</i>	100,414	140,822	140,822	86,711	160,853	149,406
Energy sources	24,000	35,000	35,000	9,000	10,437	42,563
Water management	62,914	94,209	94,209	65,977	139,359	81,463
Waste water management	1,500	–	–	1,500	11,057	25,381
Waste management	12,000	11,613	11,613	10,234	-	-
<i>Other</i>	10,000	6,200	6,200	-	-	-
Total Capital Expenditure - Functional	240,783	270,631	270,631	156,634	218,496	203,652

The national capital grant funding for the 2017/18 budget year will amount to R144,9 million and comprise of the Municipal Infrastructure Grant (MIG), Integrated National Electrification Programme (INEP) and Municipal Water Infrastructure Grant (MWIG). Grants from the provincial government amount to R16,7 million in 2017/18 and include the Human Settlements Development Grant (HSDG) and the Recapitalisation of Community Libraries Grant.

The detailed capital budget of the municipality for the 2017/18 MTREF is provided in the table below.

Table 13 2017/18 MTREF – Detailed Capital Budget

GT485 Rand West City - Supporting Table SA36 Detailed capital budget

Municipal Vote	Program/Project description	Asset Class	Asset Sub-Class	2017/18 MTREF			Project information	
				Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
R thousand								
Infrastructure Services	Rehabilitation of Sewer Networks in Mohlakeng and Toekomsrus	Infrastructure - Sanitation	Sewerage purification	1,500	6,057	10,381	Mohlakeng & Toekomsrus Wards	Renewal
Infrastructure Services	Rehabilitation of Roads in Mohlakeng and Toekomsrus: Ph 5	Infrastructure - Road transport	Roads, Pavements & Bridges	7,083	1,500	5,000	Wards 8,15,16 & 20	Renewal
Infrastructure Services	Construction of Toekomsrus sports complex	Community	Sports fields & stadia	3,200	–		Ward 8	New
Infrastructure Services	Construction of Roads and Storm water in Badirile: Phase 1	Infrastructure - Road transport	Roads, Pavements & Bridges	9,500	5,000	5,827	Ward 1	New
Infrastructure Services	Development of Cemeteries	Community	Parks & gardens	3,200	–		Mohlakeng & Toekomsrus Wards	New
Infrastructure Services	Upgrading Toekomsrus Stadium	Community	Sports fields & stadia	3,916	5,000	10,000	Ward 8	Renewal
Infrastructure Services	Procurement of Meters	Community	Reticulation	5,000	5,000	5,000	All Wards: Greater Rand West	New
Infrastructure Services	Upgrading Finsbury sports complex	Community	Sports fields & stadia	–	2,000		Ward 2	Renewal
Infrastructure Services	Elandsfontein food production units	Infrastructure - Road transport	Roads, Pavements & Bridges	–	2,000		Ward 3	New
Infrastructure Services	Construction of Old roads: Mohlakeng Ext 4 and 7)	Infrastructure - Road transport	Roads, Pavements & Bridges	5,417	6,000	8,000	Ward 3	New
Infrastructure Services	Construction of roads: Mohlakeng Ext 3 and 5)	Infrastructure - Road transport	Roads, Pavements & Bridges	7,083	10,199	8,000	Wards 11&15	New
Infrastructure Services	Rehabilitation of roads: Mohlakeng Phase 4	Infrastructure - Road transport	Roads, Pavements & Bridges	2,869	–	–	Wards: Mohlakeng	Renewal
Infrastructure Services	Construction of Brandeg Road	Infrastructure - Road transport	Roads, Pavements & Bridges	1,366	5,000		Ward 2	New
Infrastructure Services	Upgrading of storm water Mohlakeng and Toekomsrus	Infrastructure - Road transport	Roads, Pavements & Bridges	1,500	4,000	5,000	Mohlakeng & Toekomsrus Wards	Renewal
Economic Development	Droogheuwel bulk water supply	Infrastructure- Water	Water Purification	11,000	53,190	–	Ward 2	New
Community Services	Procurement of Books for all the Libraries	Community	Libraries	1,000	–		Wards 2,3,4,8,11, 12&19	New
Community Services	Maintenance of Library Infrastructure	Community	Libraries	3,333	–		Wards 2,3,4,8,11, 12 & 20	Renewal
Infrastructure Services	Construction of Badirile sports facility	Community	Sports fields & stadia	5,000	–		Ward 1	New
Infrastructure Services	Water Supply: Greater Rand West	Infrastructure - Water	Reticulation	35,000	65,000	64,891	All Wards	New
Infrastructure Services	Pre-paid Water Meters (Ph5) Supply & Installation	Infrastructure - Water	Reticulation	1,500	1,500	1,500	All Wards (Greater Westonaria)	New
Infrastructure Services	Simunye Multi-Purpose Sport & Recreation Community Centre	Community	Sports fields & stadia	1,056	–		Ward 27	New
Infrastructure Services	Rehabilitation of Roads in Zuurbekom (Phase 2)	Infrastructure - Road transport	Roads, Pavements & Bridges	6,500	4,138	5,562	Ward 17	New
Infrastructure Services	Simunye Internal Roads (Ph7)	Infrastructure - Road transport	Roads, Pavements & Bridges	6,500	1,820		Ward 28	New
Infrastructure Services	Westonaria Sport Complex (Phase 3)	Community	Sports fields & stadia	–	–		Ward 26	Renewal

Infrastructure Services	Westonaria Cemetery Access Road & Internal Roads	Infrastructure - Road transport	Roads, Pavements & Bridges	–	5,030		Ward 26	New
Infrastructure Services	Libanon Landfill Site - Construction of waste processing plant (Phase 2)	Infrastructure - Other	Waste Management	10,234	–		Ward 25	New
Infrastructure Services	Zuurbekom Multi-Purpose Sport & Recreation Community Centre	Community	Sports fields & stadia	–	5,000		Ward 17	New
Infrastructure Services	Upgrading of Outfall Sewer in Hills Haven	Infrastructure - Sanitation	Sewerage purification	–	5,000	15,000	Ward 26	Renewal
Infrastructure Services	Construction of alternate supply pipeline in Westonaria	Infrastructure - Water	Reticulation	13,477	9,625		Ward 26	New
Infrastructure Services	Construction of Alternate Pump Supply pipeline in Glenharvie	Infrastructure - Water	Reticulation	–	5,044	10,072	Ward 23	New
Infrastructure Services	Access road to Hannes Van Niekerk	Infrastructure - Road transport	Roads, Pavements & Bridges	–	956	6,857	Ward 26	New
Infrastructure Services	Upgrading and Refurbishment streetlights: Greater Westonaria	Infrastructure- Electricity	Transmission & Reticulation	–	2,000		All Wards (Greater Westonaria)	Renewal
Infrastructure Services	New high mast lights: Zuurbekom	Infrastructure- Electricity	Transmission & Reticulation	–	1,437	2,563	Ward 17	New
Infrastructure Services	Borwa substation	Infrastructure- Electricity	Transmission & Reticulation	9,000	7,000	40,000	Ward 26	New
Community Services	Dual purpose Library :Bekkersdal / Hills haven/Zuurbekom	Community	Libraries	900	–	–	Wards 26&17	New
Community Services	Installation of security system	Community	Libraries	500	–	–	Wards 23,25,26, 28 & 32	New
Total Capital expenditure				156,634	218,496	203,652		

1.7 Annual Budget Tables

This section present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations.

Table 14 MBRR Table A1 - Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
<u>Financial Performance</u>										
Property rates	-	-	-	198,964	198,964	198,964	-	192,778	203,871	250,640
Service charges	-	-	-	999,810	895,685	896,357	-	978,543	1,030,717	1,098,674
Investment revenue	-	-	-	2,591	2,591	2,591	-	3,193	3,385	3,588
Transfers recognised - operational	-	-	-	260,649	270,249	270,249	-	283,054	306,128	335,637
Other own revenue	-	-	-	96,179	82,202	82,202	-	97,077	103,125	109,312
Total Revenue (excluding capital transfers and contributions)	-	-	-	1,558,193	1,449,692	1,450,364	-	1,554,645	1,647,226	1,797,851
Employee costs	-	-	-	453,467	462,067	462,067	-	490,246	524,695	561,183
Remuneration of councillors	-	-	-	27,904	24,904	24,904	-	26,361	28,105	29,970
Depreciation & asset impairment	-	-	-	142,182	162,182	162,182	-	172,624	182,981	193,960
Finance charges	-	-	-	4,942	4,942	4,942	-	5,768	5,585	5,921
Materials and bulk purchases	-	-	-	627,738	592,738	592,738	-	685,624	716,614	755,617
Transfers and grants	-	-	-	420	1,500	1,500	-	1,590	-	-
Other expenditure	-	-	-	295,990	194,472	194,472	-	166,631	176,629	187,227
Total Expenditure	-	-	-	1,552,643	1,442,805	1,442,805	-	1,548,845	1,634,610	1,733,877
Surplus/(Deficit)	-	-	-	5,551	6,888	7,560	-	5,801	12,617	63,974
Transfers and subsidies - capital (monetary allocation)	-	-	-	223,783	262,431	262,431	-	156,634	218,496	203,652
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	-	229,333	269,319	269,991	-	162,435	231,113	267,626
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	-	229,333	269,319	269,991	-	162,435	231,113	267,626
<u>Capital expenditure & funds sources</u>										
Capital expenditure	-	-	-	240,783	270,631	270,631	-	156,634	218,496	203,652
Transfers recognised - capital	-	-	-	223,783	262,431	262,431	-	156,634	218,496	203,652
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	17,000	8,200	8,200	-	-	-	-
Total sources of capital funds	-	-	-	240,783	270,631	270,631	-	156,634	218,496	203,652
<u>Financial position</u>										
Total current assets	-	-	-	481,499	481,499	481,499	-	609,897	665,847	725,153
Total non current assets	-	-	-	4,122,388	4,122,388	4,122,388	-	3,970,761	3,976,580	3,935,330
Total current liabilities	-	-	-	430,174	430,174	430,174	-	751,342	795,328	842,062
Total non current liabilities	-	-	-	12,204	12,204	12,204	-	76,535	78,815	81,463
Community wealth/Equity	-	-	-	4,161,509	4,161,509	4,161,509	-	3,752,780	3,774,922	3,590,886
<u>Cash flows</u>										
Net cash from (used) operating	-	-	-	260,169	430,030	310,030	-	247,358	230,527	115,547
Net cash from (used) investing	-	-	-	(240,783)	(270,631)	(270,631)	-	(218,898)	(270,631)	(270,631)
Net cash from (used) financing	-	-	-	(23,237)	(23,237)	(23,237)	-	(2,000)	(1,445)	(1,301)
Cash/cash equivalents at the year end	-	-	-	13,488	153,500	33,500	-	59,960	18,411	(137,974)
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	-	-	-	27,688	27,688	27,688	-	72,099	75,696	79,510
Application of cash and investments	-	-	-	(294,344)	(333,314)	(325,199)	-	48,971	29,232	30,031
Balance - surplus (shortfall)	-	-	-	322,032	361,002	352,887	-	23,128	46,465	49,478
<u>Asset management</u>										
Asset register summary (WDV)	-	-	-	3,741,757	3,741,757	3,741,757	3,895,057	3,895,057	3,970,487	3,945,399
Depreciation	-	-	-	142,182	142,182	142,182	168,669	168,669	178,789	189,516
Renewal of Existing Assets	-	-	-	31,848	23,679	23,679	23,679	26,701	29,695	50,942
Repairs and Maintenance	-	-	-	69,060	69,060	69,060	72,379	72,379	66,575	66,575
<u>Free services</u>										
Cost of Free Basic Services provided	-	-	-	672	672	-	708	708	750	796
Revenue cost of free services provided	-	-	-	64,576	38,689	38,689	66,277	66,277	70,727	40,434
<u>Households below minimum service level</u>										
Water:	-	-	-	0	0	0	0	0	0	0
Sanitation/sew erage:	-	-	-	1	1	1	1	1	1	1
Energy:	-	-	-	15	15	15	15	15	15	15
Refuse:	-	-	-	16	16	16	16	16	16	16

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the City's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently, Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2019/20, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Basic Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2019/20 the water backlog will have been very nearly eliminated.

Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		-	-	-	359,004	360,144	360,144	376,856	439,573	505,995
Executive and council		-	-	-	22,174	22,174	22,174	23,504	24,915	26,410
Finance and administration		-	-	-	336,830	337,971	337,971	353,352	414,659	479,585
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	25,562	30,412	30,412	35,088	37,194	39,425
Community and social services		-	-	-	14,636	14,833	14,833	18,574	19,689	20,870
Sport and recreation		-	-	-	736	735	735	780	826	876
Public safety		-	-	-	10,190	6,444	6,444	6,830	7,240	7,675
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	8,400	8,400	8,904	9,438	10,005
<i>Economic and environmental services</i>		-	-	-	49,745	41,379	41,379	43,861	46,493	49,282
Planning and development		-	-	-	17,344	17,204	17,204	18,236	19,330	20,490
Road transport		-	-	-	32,257	24,031	24,031	25,472	27,001	28,621
Environmental protection		-	-	-	143	144	144	153	162	172
<i>Trading services</i>		-	-	-	1,124,555	1,018,431	1,018,431	1,098,839	1,123,966	1,203,148
Energy sources		-	-	-	705,305	576,668	576,668	621,472	628,760	666,486
Water management		-	-	-	269,223	303,317	303,317	330,616	340,453	371,624
Waste water management		-	-	-	70,385	63,865	63,865	67,697	70,955	76,212
Waste management		-	-	-	79,642	74,580	74,580	79,055	83,798	88,826
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	-	-	1,558,865	1,450,366	1,450,366	1,554,645	1,647,226	1,797,851
Expenditure - Functional										
<i>Governance and administration</i>		-	-	-	341,255	328,710	328,710	360,233	385,125	408,232
Executive and council		-	-	-	98,140	97,632	97,632	103,490	109,699	116,281
Finance and administration		-	-	-	243,114	231,078	231,078	256,743	275,426	291,951
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	146,920	139,708	139,708	145,555	154,289	163,546
Community and social services		-	-	-	35,137	36,944	36,944	39,161	41,511	44,001
Sport and recreation		-	-	-	91,622	80,901	80,901	85,755	90,900	96,355
Public safety		-	-	-	19,795	19,775	19,775	18,427	19,533	20,705
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	365	2,087	2,087	2,212	2,345	2,486
<i>Economic and environmental services</i>		-	-	-	160,081	127,192	127,192	131,204	139,076	147,421
Planning and development		-	-	-	74,556	60,303	60,303	60,301	63,919	67,754
Road transport		-	-	-	84,525	64,741	64,741	68,625	72,743	77,107
Environmental protection		-	-	-	1,000	2,149	2,149	2,278	2,415	2,560
<i>Trading services</i>		-	-	-	904,387	847,195	847,195	911,852	956,120	1,014,678
Energy sources		-	-	-	582,878	528,118	528,118	569,735	593,476	617,515
Water management		-	-	-	248,600	244,066	244,066	262,606	278,362	307,824
Waste water management		-	-	-	32,145	35,451	35,451	37,578	39,833	42,223
Waste management		-	-	-	40,763	39,560	39,560	41,933	44,449	47,116
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	-	-	-	1,552,642	1,442,805	1,442,805	1,548,845	1,634,610	1,733,877
Surplus/(Deficit) for the year		-	-	-	6,223	7,561	7,561	5,801	12,617	63,974

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for all trading services. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote	1									
Vote 1 - Municipal Management Office		-	-	-	-	-	-	-	-	-
Vote 2 - Infrastructure Services		-	-	-	1,055,466	954,404	954,404	1,032,301	1,104,239	1,210,494
Vote 3 - COMMUNITY SERVICES		-	-	-	131,426	122,987	122,987	130,645	137,786	157,845
Vote 4 - ECONOMIC DEVELOPMENT AND PLANNING		-	-	-	15,369	15,369	15,369	16,291	17,268	18,304
Vote 5 - GOVERNANCE & TRANSFORMATION SERVICES		-	-	-	2,000	2,000	2,000	2,120	2,247	2,382
Vote 6 - FINANCIAL MANAGEMENT SERVICES		-	-	-	328,224	328,556	328,556	341,946	352,463	373,610
Vote 7 - CORPORATE SUPPORT SERVICES		-	-	-	6,875	6,875	6,875	11,287	11,964	12,682
Vote 8 - CHIEF INFORMATION OFFICER		-	-	-	19,506	20,174	20,174	20,055	21,258	22,533
Vote 9 - INTERNAL AUDITING		-	-	-	-	-	-	-	-	-
Vote 10 - POLITICAL OFFICE & IGR		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	-	1,558,865	1,450,364	1,450,364	1,554,645	1,647,226	1,797,851
Expenditure by Vote to be appropriated	1									
Vote 1 - Municipal Management Office		-	-	-	7,139	8,833	8,833	9,363	9,924	10,520
Vote 2 - Infrastructure Services		-	-	-	937,989	864,853	864,853	931,807	977,716	1,037,570
Vote 3 - COMMUNITY SERVICES		-	-	-	210,774	202,310	202,310	214,448	227,315	240,954
Vote 4 - ECONOMIC DEVELOPMENT AND PLANNING		-	-	-	66,361	66,124	66,124	70,091	73,853	78,284
Vote 5 - GOVERNANCE & TRANSFORMATION SERVICES		-	-	-	13,047	12,673	12,673	13,433	14,239	15,093
Vote 6 - FINANCIAL MANAGEMENT SERVICES		-	-	-	129,993	118,803	118,803	125,932	136,766	144,971
Vote 7 - CORPORATE SUPPORT SERVICES		-	-	-	82,698	74,558	74,558	83,439	88,445	93,752
Vote 8 - CHIEF INFORMATION OFFICER		-	-	-	22,366	18,526	18,526	19,638	20,816	22,065
Vote 9 - INTERNAL AUDITING		-	-	-	4,143	3,411	3,411	3,616	3,833	4,063
Vote 10 - POLITICAL OFFICE & IGR		-	-	-	78,133	72,715	72,715	77,078	81,703	86,605
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	-	1,552,642	1,442,805	1,442,805	1,548,845	1,634,610	1,733,877
Surplus/(Deficit) for the year	2	-	-	-	6,223	7,559	7,559	5,800	12,617	63,974

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the City. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 17 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Revenue By Source											
Property rates	2	–	–	–	198,964	198,964	198,964	–	192,778	203,871	250,640
Service charges - electricity revenue	2	–	–	–	643,529	516,892	517,492	–	586,744	616,125	659,207
Service charges - water revenue	2	–	–	–	240,608	274,703	274,775	–	286,403	303,587	321,802
Service charges - sanitation revenue	2	–	–	–	52,839	46,319	46,319	–	50,606	53,643	56,861
Service charges - refuse revenue	2	–	–	–	60,026	54,964	54,964	–	51,940	55,057	58,360
Service charges - other					2,808	2,808	2,808		2,850	2,305	2,444
Rental of facilities and equipment					3,421	3,421	3,421		3,626	3,844	4,075
Interest earned - external investments					2,591	2,591	2,591		3,193	3,385	3,588
Interest earned - outstanding debtors					17,461	17,461	17,461		18,509	19,842	21,033
Dividends received					–	–	–		50	53	56
Fines, penalties and forfeits					15,750	10,000	10,000		10,599	11,235	11,909
Licences and permits					124	124	124		86	91	96
Agency services					25,500	17,274	17,274		28,365	30,067	31,871
Transfers and subsidies					260,649	270,249	270,249		283,054	306,128	335,637
Other revenue	2	–	–	–	33,922	33,922	33,922	–	35,842	37,993	40,272
Gains on disposal of PPE									–	–	–
Total Revenue (excluding capital transfers and contributions)		–	–	–	1,558,193	1,449,692	1,450,364	–	1,554,645	1,647,226	1,797,851
Expenditure By Type											
Employee related costs	2	–	–	–	453,467	462,067	462,067	–	490,246	524,695	561,183
Remuneration of councillors					27,904	24,904	24,904		26,361	28,105	29,970
Debt impairment	3				45,755	20,755	20,755		27,209	28,842	30,573
Depreciation & asset impairment	2	–	–	–	142,182	162,182	162,182	–	172,624	182,981	193,960
Finance charges					4,942	4,942	4,942		5,768	5,585	5,921
Bulk purchases	2	–	–	–	627,738	592,738	592,738	–	613,245	650,040	689,042
Other materials	8								72,379	66,575	66,575
Contracted services		–	–	–	37,157	40,157	40,157	–	42,567	45,121	47,828
Transfers and subsidies		–	–	–	420	1,500	1,500	–	1,590	–	–
Other expenditure	4, 5	–	–	–	213,078	133,560	133,560	–	96,855	102,666	108,826
Loss on disposal of PPE									–	–	–
Total Expenditure		–	–	–	1,552,643	1,442,805	1,442,805	–	1,548,845	1,634,610	1,733,877

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R1.554 billion in 2017/18 and escalates to R1.798 billion by 2019/20.
2. Revenue to be generated from property rates is R192.8 million in the 2017/18 financial year and increases to R250.6 million by 2019/20 which represents 12.4 per cent of the operating revenue base of the municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at an average of 7 per cent over the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R978.5 million for the 2017/18 financial year and increasing to R1.1 billion by 2019/20. For the 2017/18 financial year services charges amount to 62.9 per cent of the total revenue base and grows by 12.3 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 8.2 per cent and 9.6 per cent for the two outer years. The percentage share of this revenue source is on average 18.4 per cent of total operating revenue

Table 18 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Municipal Management Office		-	-	-	-	-	-	-	-	-	-
Vote 2 - Infrastructure Services		-	-	-	131,624	143,624	143,624	-	150,901	213,496	203,652
Vote 3 - COMMUNITY SERVICES		-	-	-	10,000	-	-	-	-	-	-
Vote 4 - ECONOMIC DEVELOPMENT AND PLANNING		-	-	-	77,414	108,663	108,663	-	-	-	-
Vote 5 - GOVERNANCE & TRANSFORMATION SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - FINANCIAL MANAGEMENT SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - CORPORATE SUPPORT SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 8 - CHIEF INFORMATION OFFICER		-	-	-	-	-	-	-	-	-	-
Vote 9 - INTERNAL AUDITING		-	-	-	-	-	-	-	-	-	-
Vote 10 - POLITICAL OFFICE & IGR		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	219,038	252,286	252,286	-	150,901	213,496	203,652
Single-year expenditure to be appropriated	2										
Vote 1 - Municipal Management Office		-	-	-	-	-	-	-	-	-	-
Vote 2 - Infrastructure Services		-	-	-	5,500	4,500	4,500	-	-	5,000	-
Vote 3 - COMMUNITY SERVICES		-	-	-	6,245	7,645	7,645	-	5,733	-	-
Vote 4 - ECONOMIC DEVELOPMENT AND PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 5 - GOVERNANCE & TRANSFORMATION SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - FINANCIAL MANAGEMENT SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - CORPORATE SUPPORT SERVICES		-	-	-	3,000	2,300	2,300	-	-	-	-
Vote 8 - CHIEF INFORMATION OFFICER		-	-	-	7,000	3,900	3,900	-	-	-	-
Vote 9 - INTERNAL AUDITING		-	-	-	-	-	-	-	-	-	-
Vote 10 - POLITICAL OFFICE & IGR		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	21,745	18,345	18,345	-	5,733	5,000	-
Total Capital Expenditure - Vote		-	-	-	240,783	270,631	270,631	-	156,634	218,496	203,652
Capital Expenditure - Functional											
Governance and administration		-	-	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	39,792	34,376	34,376	-	22,105	12,000	10,000
Community and social services		-	-	-	13,845	12,845	12,845	-	8,933	5,000	-
Sport and recreation		-	-	-	25,946	21,531	21,531	-	13,172	7,000	10,000
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	90,577	89,233	89,233	-	47,818	45,643	44,246
Planning and development		-	-	-	48,012	48,168	48,168	-	-	2,000	-
Road transport		-	-	-	42,565	41,065	41,065	-	47,818	43,643	44,246
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	100,414	140,822	140,822	-	86,711	160,853	149,406
Energy sources		-	-	-	24,000	35,000	35,000	-	9,000	10,437	42,563
Water management		-	-	-	62,914	94,209	94,209	-	65,977	139,359	81,463
Waste water management		-	-	-	1,500	-	-	-	1,500	11,057	25,381
Waste management		-	-	-	12,000	11,613	11,613	-	10,234	-	-
Other		-	-	-	10,000	6,200	6,200	-	-	-	-
Total Capital Expenditure - Functional	3	-	-	-	240,783	270,631	270,631	-	156,634	218,496	203,652
Funded by:											
National Government		-	-	-	100,124	121,372	121,372	-	104,901	100,306	138,761
Provincial Government		-	-	-	123,659	141,059	141,059	-	51,733	118,190	64,891
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	-	223,783	262,431	262,431	-	156,634	218,496	203,652
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	17,000	8,200	8,200	-	-	-	-
Total Capital Funding	7	-	-	-	240,783	270,631	270,631	-	156,634	218,496	203,652

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2017/18 R156.6 million has been allocated. This allocation escalates to R218.5 million in 2018/19 and then flattens out to R203.7 million in 2019/20 owing primarily to the fact that various projects reach completion in 2018/19 hence the spike in expenditure in year two.
3. Single-year capital expenditure has been appropriated at 156.6 million for the 2017/18 financial year and remains relatively constant over the MTREF at levels of R218.5 million and R203.7 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from only capital and provincial grants and transfer. For 2017/18, capital transfers from national government totals R104.9 million (66.9 per cent) and slightly escalates to R138.8 million by 2019/20 (68.1 per cent). The capital budget will be fully funded from capital grants over MTREF with an anticipated review of the capital funding mix to be undertaken during the preparation of the 2018/19 MTREF. This review of the funding sources will determine whether the municipality can create additional financing capacity for capital investments from borrowings and internally generated revenue over the next 3 to 5 years as part of the financial recovery plan.

Table 19 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Current assets											
Cash					13,488	13,488	13,488		59,960	63,557	67,371
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	-	-	-	419,242	419,242	419,242	-	459,349	506,265	555,997
Other debtors					41,034	41,034	41,034		84,660	89,740	95,124
Current portion of long-term receivables					1,771	1,771	1,771		1,123	1,190	1,261
Inventory	2				5,964	5,964	5,964		4,806	5,094	5,400
Total current assets		-	-	-	481,499	481,499	481,499	-	609,897	665,847	725,153
Non current assets											
Long-term receivables					2,063	2,063	2,063		2,260	2,260	2,260
Investments					14,200	14,200	14,200		12,139	12,139	12,139
Investment property					338,620	338,620	338,620		268,692	268,692	268,692
Investment in Associate											
Property, plant and equipment	3	-	-	-	3,703,253	3,703,253	3,703,253	-	3,660,562	3,666,381	3,625,131
Agricultural											
Biological					662	662	662		662	662	662
Intangible					37,841	37,841	37,841		6,279	6,279	6,279
Other non-current assets					25,749	25,749	25,749		20,166	20,166	20,166
Total non current assets		-	-	-	4,122,388	4,122,388	4,122,388	-	3,970,761	3,976,580	3,935,330
TOTAL ASSETS		-	-	-	4,603,887	4,603,887	4,603,887	-	4,580,658	4,642,427	4,660,483
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	-	-	7,102	7,102	7,102	-	6,845	6,161	5,545
Consumer deposits					39,325	39,325	39,325		39,565	41,939	44,455
Trade and other payables	4	-	-	-	140,500	140,500	140,500	-	652,729	691,893	733,406
Provisions					243,247	243,247	243,247		52,203	55,335	58,655
Total current liabilities		-	-	-	430,174	430,174	430,174	-	751,342	795,328	842,062
Non current liabilities											
Borrowing		-	-	-	12,204	12,204	12,204	-	14,451	13,006	11,705
Provisions		-	-	-	-	-	-	-	62,085	65,810	69,758
Total non current liabilities		-	-	-	12,204	12,204	12,204	-	76,535	78,815	81,463
TOTAL LIABILITIES		-	-	-	442,378	442,378	442,378	-	827,878	874,143	923,525
NET ASSETS	5	-	-	-	4,161,509	4,161,509	4,161,509	-	3,752,780	3,768,284	3,736,958
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)					4,161,509	4,161,509	4,161,509		3,751,109	3,774,922	3,590,886
Reserves	4	-	-	-	-	-	-	-	1,671	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	-	-	-	4,161,509	4,161,509	4,161,509	-	3,752,780	3,774,922	3,590,886

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
- Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 20 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates					189,016	189,016	169,016		183,139	194,127	205,775
Service charges					920,139	920,139	920,139		929,758	985,543	1,044,676
Other revenue					68,697	60,471	60,471		78,519	83,230	88,224
Government - operating	1				260,649	270,249	270,249		283,054	300,037	318,039
Government - capital	1				223,783	262,431	262,431		104,901	100,306	-
Interest					2,591	2,591	2,591		21,702	23,004	24,385
Dividends						-	-		50	53	56
Payments											
Suppliers and employees					(1,399,344)	(1,269,506)	(1,369,506)		(1,346,936)	(1,448,536)	(1,557,936)
Finance charges					(4,942)	(4,942)	(4,942)		(5,238)	(5,553)	(5,886)
Transfers and Grants	1				(420)	(420)	(420)		(1,590)	(1,685)	(1,787)
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	260,169	430,030	310,030	-	247,358	230,527	115,547
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									51,733	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets					(240,783)	(270,631)	(270,631)		(270,631)	(270,631)	(270,631)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	(240,783)	(270,631)	(270,631)	-	(218,898)	(270,631)	(270,631)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing					(23,237)	(23,237)	(23,237)		(2,000)	(1,445)	(1,301)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	(23,237)	(23,237)	(23,237)	-	(2,000)	(1,445)	(1,301)
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	-	(3,850)	136,161	16,161	-	26,460	(41,549)	(156,385)
Cash/cash equivalents at the year begin:	2				17,338	17,338	17,338		33,500	59,960	18,411
Cash/cash equivalents at the year end:	2	-	-	-	13,488	153,500	33,500	-	59,960	18,411	(137,974)

Table 21 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	–	–	–	13,488	153,500	33,500	–	59,960	18,411	(137,974)
Other current investments > 90 days		–	–	–	–	(140,012)	(20,012)	–	–	45,147	205,345
Non current assets - Investments	1	–	–	–	14,200	14,200	14,200	–	12,139	12,139	12,139
Cash and investments available:		–	–	–	27,688	27,688	27,688	–	72,099	75,696	79,510
Application of cash and investments											
Unspent conditional transfers		–	–	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	–	–	–	(294,344)	(333,314)	(325,199)	–	47,300	29,232	30,031
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5								1,671		
Total Application of cash and investments:		–	–	–	(294,344)	(333,314)	(325,199)	–	48,971	29,232	30,031
Surplus(shortfall)		–	–	–	322,032	361,002	352,887	–	23,128	46,465	49,478

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The approved 2016/17 MTREF provide for a net increase in cash of R16.2 million for the 2016/17 financial year resulting in an overall projected positive cash position of R33.5 million at year end.
4. The 2017/18 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term. Due to the post-merger financial legacy issues this objective has not been achieved during this budget cycle.
5. Cash and cash equivalents totals R59.9 million as at the end of the 2017/18 financial year and however declines over the two outer years to a negative R137.9 million by 2019/20.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2017/18 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
6. As can be seen the budget has been modelled to progressively move from a surplus of R23.1 million in 2017/18 to a surplus of R49.5 million by 2019/20.

Table 22 MBRR Table A9 - Asset Management

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	-	-	-	208,934	246,952	246,952	129,933	188,801	152,710
Roads Infrastructure		-	-	-	23,617	24,986	24,986	29,865	34,005	28,684
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	22,000	35,000	35,000	9,000	8,437	42,563
Water Supply Infrastructure		-	-	-	62,914	94,209	94,209	65,977	139,359	81,463
Sanitation Infrastructure		-	-	-	3,000	4,200	4,200	-	-	-
Solid Waste Infrastructure		-	-	-	12,000	11,613	11,613	10,234	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	123,531	170,008	170,008	115,077	181,801	152,710
Community Facilities		-	-	-	3,520	3,520	3,520	5,600	2,000	-
Sport and Recreation Facilities		-	-	-	22,546	17,731	17,731	9,256	5,000	-
Community Assets		-	-	-	26,067	21,251	21,251	14,856	7,000	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	48,012	48,168	48,168	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	48,012	48,168	48,168	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Serv itudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	4,000	2,600	2,600	-	-	-
Furniture and Office Equipment		-	-	-	2,635	1,135	1,135	-	-	-
Machinery and Equipment		-	-	-	4,500	2,600	2,600	-	-	-
Transport Assets		-	-	-	190	1,190	1,190	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	31,848	23,679	23,679	26,701	29,695	50,942
Roads Infrastructure		-	-	-	18,948	16,079	16,079	16,452	5,638	10,562
Storm water Infrastructure		-	-	-	-	-	-	1,500	4,000	5,000
Electrical Infrastructure		-	-	-	2,000	-	-	-	2,000	-
Water Supply Infrastructure		-	-	-	7,000	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	1,500	11,057	25,381
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	27,948	16,079	16,079	19,452	22,695	40,942
Community Facilities		-	-	-	3,900	6,600	6,600	3,333	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	3,916	7,000	10,000
Community Assets		-	-	-	3,900	6,600	6,600	7,249	7,000	10,000
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	1,000	1,000	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	1,000	1,000	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Serv itudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

Total Upgrading of Existing Assets	6	-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	42,565	41,065	41,065	46,318	39,643	39,246
Storm water Infrastructure		-	-	-	-	-	-	1,500	4,000	5,000
Electrical Infrastructure		-	-	-	24,000	35,000	35,000	9,000	10,437	42,563
Water Supply Infrastructure		-	-	-	69,914	94,209	94,209	65,977	139,359	81,463
Sanitation Infrastructure		-	-	-	3,000	4,200	4,200	1,500	11,057	25,381
Solid Waste Infrastructure		-	-	-	12,000	11,613	11,613	10,234	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	151,479	186,087	186,087	134,529	204,496	193,652
Community Facilities		-	-	-	7,420	10,120	10,120	8,933	2,000	-
Sport and Recreation Facilities		-	-	-	22,546	17,731	17,731	13,172	12,000	10,000
Community Assets		-	-	-	29,967	27,851	27,851	22,105	14,000	10,000
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	1,000	1,000	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	1,000	1,000	-	-	-
Operational Buildings		-	-	-	48,012	48,168	48,168	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	48,012	48,168	48,168	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	4,000	2,600	2,600	-	-	-
Furniture and Office Equipment		-	-	-	2,635	1,135	1,135	-	-	-
Machinery and Equipment		-	-	-	4,500	2,600	2,600	-	-	-
Transport Assets		-	-	-	190	1,190	1,190	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		-	-	-	240,783	270,631	270,631	156,634	218,496	203,652

ASSET REGISTER SUMMARY - PPE (WDV)		5									
Roads Infrastructure					735,324	735,324	735,324	783,142	783,967	769,325	
Storm water Infrastructure											
Electrical Infrastructure					925,813	925,813	925,813	934,813	936,250	968,376	
Water Supply Infrastructure					370,325	370,325	370,325	436,303	509,684	451,788	
Sanitation Infrastructure					185,163	185,163	185,163	186,663	196,220	210,543	
Solid Waste Infrastructure					185,163	185,163	185,163	195,397	195,397	195,397	
Rail Infrastructure											
Coastal Infrastructure											
Information and Communication Infrastructure											
Infrastructure			-	-	-	2,401,788	2,401,788	2,401,788	2,536,317	2,621,518	2,595,430
Community Facilities					740,651	740,651	740,651	746,251	742,651	740,651	
Sport and Recreation Facilities					37,033	37,033	37,033	50,204	44,033	47,033	
Community Assets			-	-	-	777,683	777,683	777,683	796,455	786,683	787,683
Heritage Assets											
Revenue Generating											
Non-revenue Generating											
Investment properties			-	-	-	-	-	-	-	-	
Operational Buildings											
Housing					338,620	338,620	338,620	338,620	338,620	338,620	
Other Assets			-	-	-	338,620	338,620	338,620	338,620	338,620	
Biological or Cultivated Assets					662	662	662	662	662	662	
Servitudes					37,841	37,841	37,841	37,841	37,841	37,841	
Licences and Rights											
Intangible Assets			-	-	-	37,841	37,841	37,841	37,841	37,841	
Computer Equipment											
Furniture and Office Equipment					185,163	185,163	185,163	185,163	185,163	185,163	
Machinery and Equipment											
Transport Assets											
Libraries											
Zoo's, Marine and Non-biological Animals											
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	-	-	-	3,741,757	3,741,757	3,741,757	3,895,057	3,970,487	3,945,399
EXPENDITURE OTHER ITEMS											
Depreciation		7	-	-	-	142,182	142,182	142,182	168,669	178,789	189,516
Repairs and Maintenance by Asset Class		3	-	-	-	69,060	69,060	69,060	72,379	66,575	66,575
Roads Infrastructure			-	-	-	18,117	18,117	18,117	26,834	23,424	23,424
Storm water Infrastructure			-	-	-	7,198	7,198	7,198	-	-	-
Electrical Infrastructure			-	-	-	14,622	14,622	14,622	15,486	11,415	11,415
Water Supply Infrastructure			-	-	-	9,808	9,808	9,808	10,349	10,970	10,970
Sanitation Infrastructure			-	-	-	1,933	1,933	1,933	2,024	1,846	1,846
Solid Waste Infrastructure			-	-	-	1,107	1,107	1,107	1,173	1,244	1,244
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			-	-	-	52,786	52,786	52,786	55,867	48,899	48,899
Community Facilities			-	-	-	10,112	10,112	10,112	8,861	7,252	7,252
Sport and Recreation Facilities			-	-	-	177	177	177	1,779	1,665	1,665
Community Assets			-	-	-	10,289	10,289	10,289	10,640	8,918	8,918
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	5,000	5,000	5,000	-	-	-
Investment properties			-	-	-	5,000	5,000	5,000	-	-	-
Operational Buildings			-	-	-	364	364	364	5,607	6,128	6,128
Housing			-	-	-	-	-	-	-	-	-
Other Assets			-	-	-	364	364	364	5,607	6,128	6,128
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Servitudes			-	-	-	-	-	-	-	-	-
Licences and Rights			-	-	-	-	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-	-	-
Computer Equipment			-	-	-	-	-	-	-	-	-
Furniture and Office Equipment			-	-	-	300	300	300	265	-	-
Machinery and Equipment			-	-	-	33	33	33	-	2,630	2,630
Transport Assets			-	-	-	287	287	287	-	-	-
Libraries			-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS			-	-	-	211,241	211,241	211,241	241,048	245,364	256,091
Renewal and upgrading of Existing Assets as % of total capex			0.0%	0.0%	0.0%	13.2%	8.7%	8.7%	17.0%	13.6%	25.0%
Renewal and upgrading of Existing Assets as % of deprecn			0.0%	0.0%	0.0%	22.4%	16.7%	16.7%	15.8%	16.6%	26.9%
R&M as a % of PPE			0.0%	0.0%	0.0%	1.9%	1.9%	1.9%	2.0%	1.8%	1.8%
Renewal and upgrading and R&M as a % of PPE			0.0%	0.0%	0.0%	3.0%	2.0%	2.0%	3.0%	2.0%	3.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality is not complying with both these recommendations.

Table 23 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	41,108	41,108	41,108	41,108	41,108	41,108
Piped water inside yard (but not in dwelling)		-	-	-	9,127	9,127	9,127	9,127	9,127	9,127
Using public tap (at least min.service level)	2	-	-	-	16,883	16,883	16,883	16,883	16,883	16,883
Other water supply (at least min.service level)	4	-	-	-	35,670	35,670	35,670	35,670	35,670	35,670
<i>Minimum Service Level and Above sub-total</i>		-	-	-	102,788	102,788	102,788	102,788	102,788	102,788
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	97	97	97	97	97	97
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	97	97	97	97	97	97
Total number of households	5	-	-	-	102,885	102,885	102,885	102,885	102,885	102,885
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	24,930	24,930	24,930	24,930	24,930	24,930
Flush toilet (with septic tank)		-	-	-	735	735	735	735	735	735
Chemical toilet		-	-	-	601	601	601	601	601	601
Pit toilet (ventilated)		-	-	-	1,000	1,000	1,000	1,000	1,000	1,000
Other toilet provisions (> min.service level)		-	-	-	100	100	100	100	100	100
<i>Minimum Service Level and Above sub-total</i>		-	-	-	27,366	27,366	27,366	27,366	27,366	27,366
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	550	550	550	550	550	550
<i>Below Minimum Service Level sub-total</i>		-	-	-	550	550	550	550	550	550
Total number of households	5	-	-	-	27,916	27,916	27,916	27,916	27,916	27,916
Energy:										
Electricity (at least min.service level)		-	-	-	40,720	40,720	40,720	40,720	40,720	40,720
Electricity - prepaid (min.service level)		-	-	-	5,720	5,720	5,720	5,720	5,720	5,720
<i>Minimum Service Level and Above sub-total</i>		-	-	-	46,440	46,440	46,440	46,440	46,440	46,440
Electricity (< min.service level)		-	-	-	15,000	15,000	15,000	15,000	15,000	15,000
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	15,000	15,000	15,000	15,000	15,000	15,000
Total number of households	5	-	-	-	61,440	61,440	61,440	61,440	61,440	61,440
Refuse:										
Removed at least once a week		-	-	-	41,235	41,235	41,235	41,235	41,235	41,235
<i>Minimum Service Level and Above sub-total</i>		-	-	-	41,235	41,235	41,235	41,235	41,235	41,235
Removed less frequently than once a week		-	-	-	547	547	547	547	547	547
Using communal refuse dump		-	-	-	2,865	2,865	2,865	2,865	2,865	2,865
Using own refuse dump		-	-	-	11,523	11,523	11,523	11,523	11,523	11,523
Other rubbish disposal		-	-	-	720	720	720	720	720	720
No rubbish disposal		-	-	-	124	124	124	124	124	124
<i>Below Minimum Service Level sub-total</i>		-	-	-	15,779	15,779	15,779	15,779	15,779	15,779
Total number of households	5	-	-	-	57,014	57,014	57,014	57,014	57,014	57,014
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	72	72	-	72	76	81
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	600	600	-	636	674	715
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	-	672	672	-	708	750	796

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2016) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2016.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the first review of the IDP as adopted by Council in May 2016. It started in September 2016 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2017/18 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform

the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2017/18 MTREF, based on the approved 2016/17 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2017/18 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2016/17 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Community Consultation

The draft 2017/18 MTREF as tabled before Council on 29 March 2017 for community consultation was published on the municipality's website, and hard copies were made available at municipal offices, municipal notice boards and various libraries

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process during April and May 2017, and included several public briefing sessions. The applicable dates and venues were published in all the local newspapers and a good average attendance was recorded per meeting. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2017/18 MTREF. Feedback and responses to the submissions received are available on request.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the City strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the City's response to these requirements.

Cooperative governance means that three spheres of government should work together to provide citizens with a comprehensive package of services. The Constitution states that the three spheres of government have to assist and support each other, share information and coordinate their efforts. Implementation of policies and government programmes require close cooperation between spheres of government especially at executive level. RWCLM strategic objectives are informed by the Sustainable Development Goals (SDGs), National Development Plan (NDP), National Outcomes, Back to Basics (B2B) - Ten Point Plan approach as well as the Gauteng Transformation, Modernisation and Re-industrialisation (TMR) Objectives. All the above concerted efforts are depicted the strategies phase which forms the basis of this document.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2017/18 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

- Develop business excellence through a learning organisation
- To ensure provision of basic services to build sustainable and safe communities
- To accelerate an inclusive growing green economy
- To ensure financially viable and sustainable municipality
- clean and accountable government for sustainable local communities
- To promote integrated sustainable development planning for the future

The Municipality has through its strategic planning and public participation processes ensured that the Municipal Strategic Priorities were unpacked by developing Key Performance Areas (KPAs), Programmes, Objectives, Key Performance Indicators (KPIs) and Targets for each of the KPAs and programmes.

The said Objectives, Indicators and Targets have been aligned to the National Priority Outputs, WRDM District context and where possible and will form the basis for the development of the Municipality's Service Delivery and Budget Implementation Plan (SDBIP) and Annual Performance Plans of Senior Management for the 2017/18 financial year. The table below provides a high level Municipal alignment with its strategic goals and the National Priorities/ KPA and programmes.

Table 24 Strategic alignment between national, provincial, district and local priorities

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

SDGs	NDP	National KPA	GCR	WRDM	RWCLM – Strategic goal
Peace, justice & strong institutions	Building Capable and Developmental State	KPA 1 Municipal Transformation and Organisational Development	Strengthening the developmental state and good Governance	5. Business excellence within the WRDM	Develop business excellence through a learning organisation
Industry, innovation & infrastructure	Economic Infrastructure	KPA 2 : Infrastructure Development and Service Delivery	Building cohesive and sustainable communities	1. Regional Planning and economic Development 2. Health and Social Development 3. Public Safety Services	To ensure the provision of basic services to build sustainable and safe communities
Decent work & economic growth	Economy and Employment	KPA 3 Local Economic Development(LED)	Creating decent work and building a growing economy Inclusive economy	1.Regional Planning and economic Development	To promote and accelerate an inclusive growing green economy
Peace, justice & strong institutions	Building Capable and Developmental State	KPA 4 Municipal Financial Viability and Management	Strengthening the developmental state and good Governance	5. Business excellence within the WRDM	To ensure financially viable and sustainable municipality
Peace, justice & strong institutions	Building Capable and Developmental State	KPA 5 Good Governance and Public Participation	Strengthening the developmental state and good Governance	4. Sustainable Governance for Local Communities	To provide a democratic, clean and accountable government for sustainable local communities

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2017/18 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand				
KPA 1 Municipal Transformation and Organisational Development	1. Develop business excellence through a learning organisation	11,287	7,724	8,188
KPA 2 :Infrastructure Development and Service Delivery	To ensure the provision of basic services to build sustainable and safe communities	130,645	138,484	146,793
KPA 3 LED	To promote and accelerate an inclusive growing green economy	16,291	17,268	18,304
KPA 4 Municipal Financial Viability and Management	To ensure financially viable and sustainable municipality	333,185	353,176	374,366
KPA 5 Good Governance and Public Participation	To provide a democratic, clean and accountable government for sustainable local communities	2,120	2,247	2,382
KPA 6 Spatial Analysis	To promote integrated sustainable development planning for the future	16,291	17,268	18,304
Total Revenue (excluding capital transfers and contributions)		509,819	536,168	568,338

Table 26 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand				
KPA 1 Municipal Transformation and Organisational Development	1. Develop business excellence through a learning organisation	83,439	88,445	93,752
KPA 2 :Infrastructure Development and Service Delivery	To ensure the provision of basic services to build sustainable and safe communities	214,448	227,315	240,954
KPA 3 LED	To promote and accelerate an inclusive growing green economy	70,091	74,296	78,754
KPA 4 Municipal Financial Viability and Management	To ensure financially viable and sustainable municipality	125,932	133,488	141,497
KPA 5 Good Governance and Public Participation	To provide a democratic, clean and accountable government for sustainable local communities	13,433	14,239	15,093
KPA 6 Spatial Analysis	To promote integrated sustainable development planning for the future	70,091	74,296	78,754
Allocations to other priorities				
Total Expenditure		577,434	612,080	648,805

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the City has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

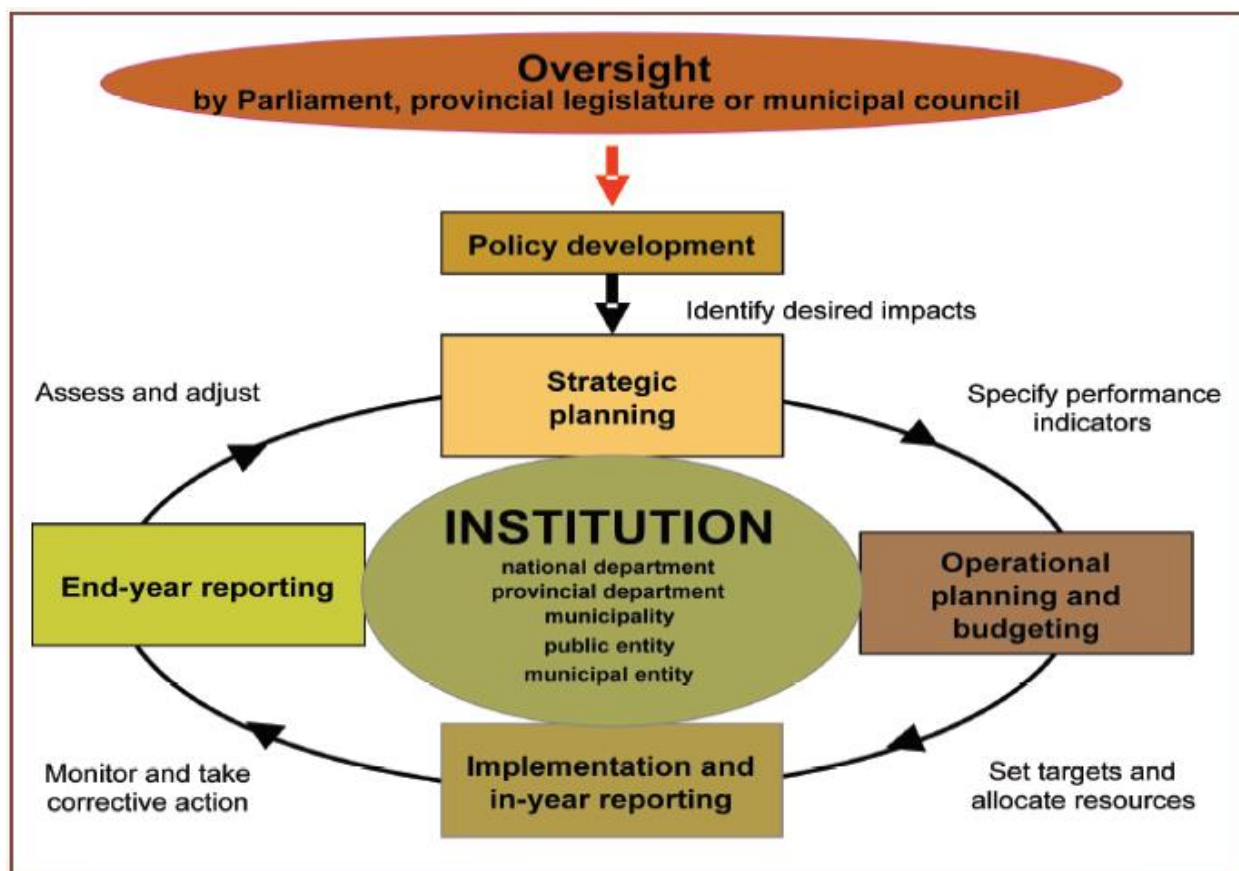


Figure 4 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

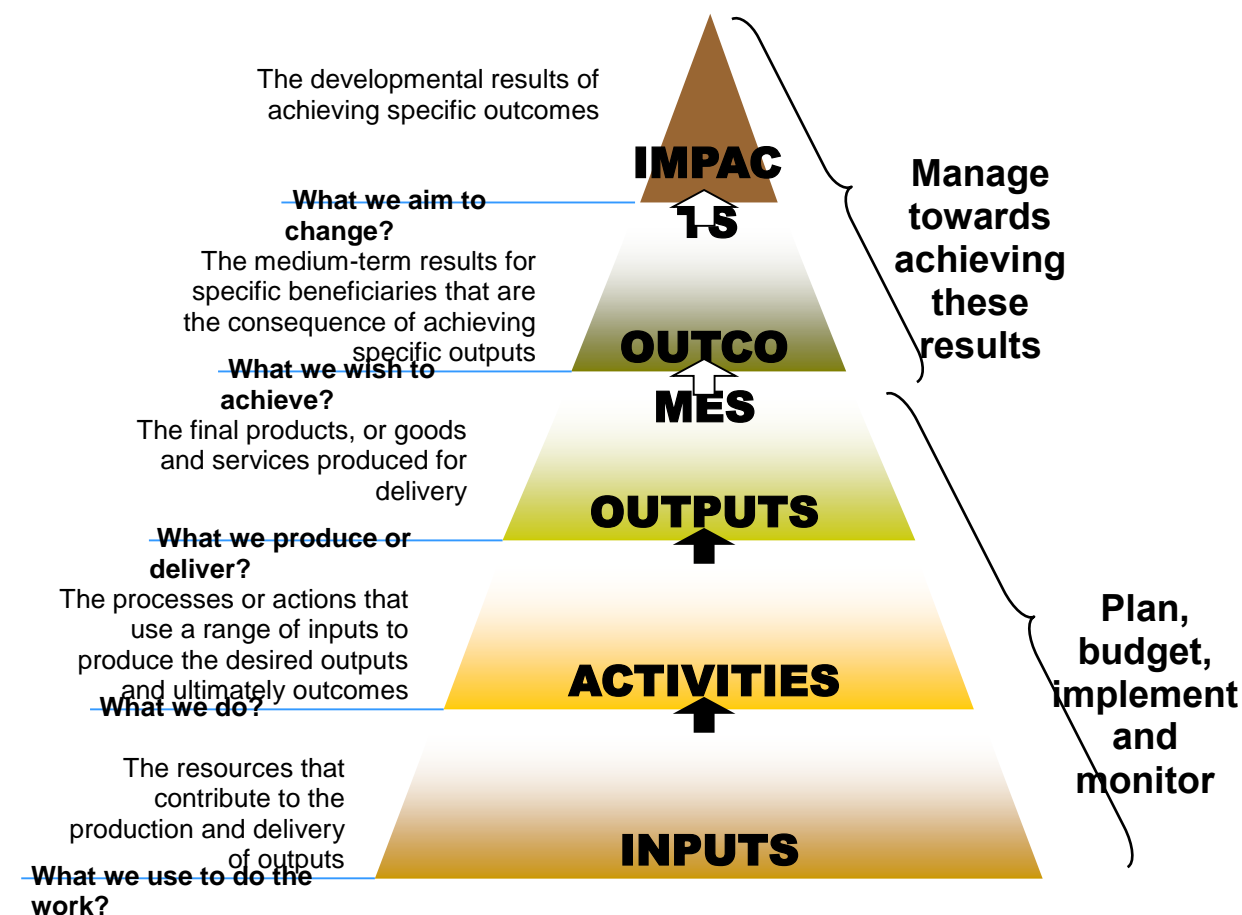


Figure 5 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 27 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Vote 1 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2017/18 MTREF.

Table 28 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	1.8%	2.0%	2.0%	0.0%	0.5%	0.4%	0.4%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	2.2%	2.4%	2.4%	0.0%	0.6%	0.5%	0.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	864.8%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	–	–	–	1.1	1.1	1.1	–	0.8	0.9	0.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	–	–	–	1.1	1.1	1.1	–	0.8	0.9	0.9
Liquidity Ratio	Monetary Assets/Current Liabilities	–	–	–	0.0	0.0	0.0	–	0.1	0.1	0.1
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	92.5%	101.3%	101.3%	0.0%	95.0%	95.6%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	92.5%	101.3%	101.3%	0.0%	95.0%	95.6%	92.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	29.8%	32.0%	32.0%	0.0%	35.2%	36.4%	36.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		0.0%	0.0%	0.0%	935.5%	82.2%	82.2%	0.0%	784.3%	625.9%	-1024.3%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	29.1%	31.9%	31.9%	0.0%	31.5%	31.9%	31.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	29.1%	33.6%	33.6%		31.9%	32.2%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	4.4%	4.8%	4.8%		3.2%	3.2%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	9.4%	11.5%	11.5%	0.0%	11.5%	11.4%	11.1%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	–	–	50.2	50.2	50.2	–	52.0	52.2	56.9
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services (Available cash + Investments)/monthly fixed operational expenditure	0.0%	0.0%	0.0%	38.4%	42.1%	42.1%	0.0%	46.4%	48.2%	48.2%
iii. Cost coverage		–	–	–	0.1	1.6	1.6	–	0.7	0.8	(0.5)

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Rand West City's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the City's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2017/18 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

The City's debt profile provides some interesting insights on the City's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term. The City has raised mainly amortising loans over the past five years, hence effectively 'front-loading' its debt service costs.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the City to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the City has set a limit of 1, hence at no point in time should this ratio be less than 1. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilise cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings

but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.5 Creditors Management

- While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation.

2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the City's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the City. With the exception of water, only registered indigents qualify for the free basic services.

For the 2017/18, financial year 11 000 registered indigents have been provided for in the budget with this figured increasing to 15 000 by 2019/20. In terms of the Municipality's indigent policy registered households are entitled to 6kl fee water, 50 kwh of electricity, free sanitation and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 22 MBRR A10 (Basic Service Delivery Measurement).

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc.) are not taken into account in the table noted above.

2.4 Overview of budget related-policies

The Rand West City Local Municipality had to develop a set of comprehensive budget-related policies after the merger of the former Randfontein and Westonaria municipalities to ensure an effective policy framework is established to govern the financial management affairs of the newly established municipality.

Several policy workshops were held with officials and councillors to discuss the financial management policies and to receive inputs and comments.

The following budget-related policies are attached to this report and therefore submitted to Council for consideration and approval:

- Bad Debt Write Off policy
- Borrowing Policy
- Budget Policy
- Capital Planning project policy
- Cash and Investments Policy
- Contract Management Policy
- Credit Control and Debt Collection Policy
- Fixed Asset Management Policy
- Funding and Reserves Policy
- Indigent Support Policy
- Inventory Policy
- Insurance Policy
- Irregular, Unauthorised, Fruitless and Wasteful Expenditure Policy
- Long Term Financial Planning Policy
- Property Rates Policy
- Supply Chain Management Policy
- Tariff Policy
- Unclaimed deposit policy
- Virement Policy

2.5 Overview of budget assumptions

2.5.1 External factors

Owing to the global and national economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2017/18 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on City's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 32 per cent of total operating expenditure in the 2017/18 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC concluded with the municipal workers unions must be noted.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2017/18 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2018/19 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.5 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.6 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2016 and shall remain in force until 30 June 2018. Year three is an across the board increase of 7.4 per cent.

2.5.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2017/18 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

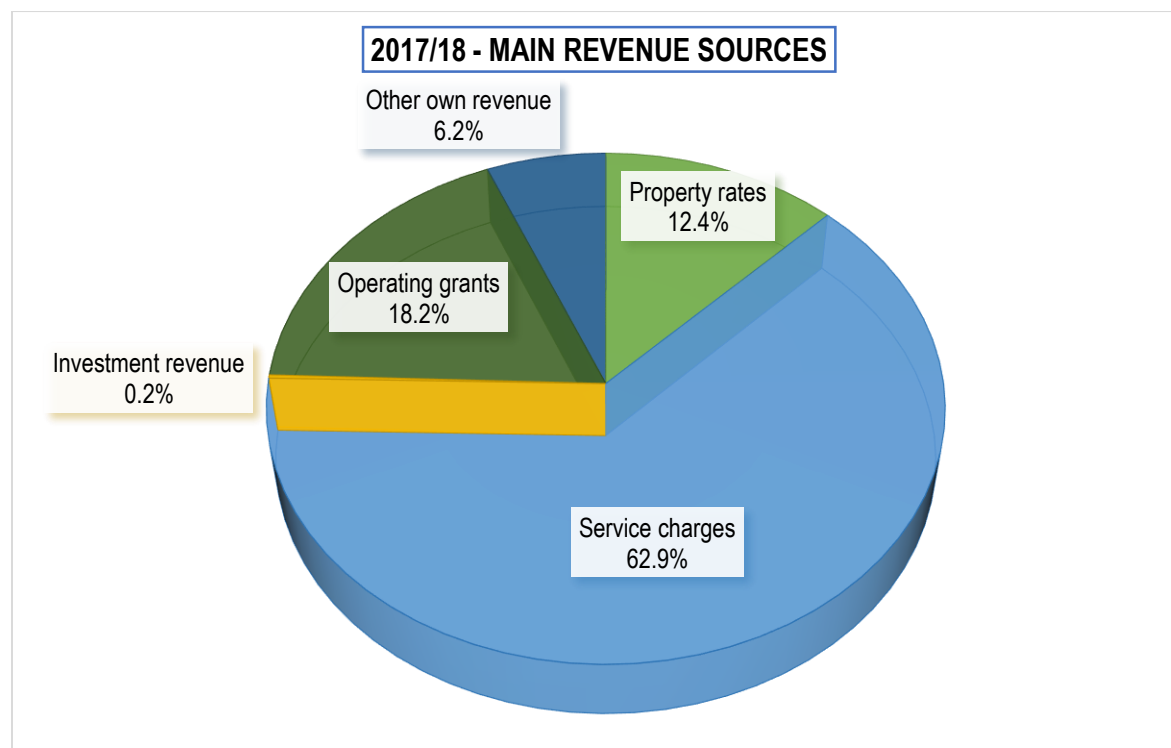
The following table is a breakdown of the operating revenue over the medium-term:

Table 29 Breakdown of the operating revenue over the medium-term

Description R thousands	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance										
Property rates	-	-	-	198,964	198,964	198,964	-	192,778	203,871	250,640
Service charges	-	-	-	999,810	895,685	896,357	-	978,543	1,030,717	1,098,674
Investment revenue	-	-	-	2,591	2,591	2,591	-	3,193	3,385	3,588
Transfers recognised - operational	-	-	-	260,649	270,249	270,249	-	283,054	306,128	335,637
Other own revenue	-	-	-	96,179	82,202	82,202	-	97,077	103,125	109,312
Total Revenue (excluding capital transfers and contributions)	-	-	-	1,558,193	1,449,692	1,450,364	-	1,554,645	1,647,226	1,797,851

The following graph is a breakdown of the operational revenue per main category for the 2017/18 financial year.

Figure 6 Breakdown of operating revenue over the 2017/18 MTREF



2.6.2 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 30 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	–	–	–	13,488	153,500	33,500	–	59,960	18,411	(137,974)
Cash + investments at the yr end less applications - R'000	18(1)b	2	–	–	–	322,032	361,002	352,887	–	23,128	46,465	49,478
Cash year end/monthly employee/supplier payments	18(1)b	3	–	–	–	0.1	1.6	0.3	–	0.6	0.2	(1.2)
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	–	–	–	229,333	269,319	269,991	–	162,435	231,113	267,626
Service charge rev. % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(14.7%)	(5.9%)	(106.0%)	1.0%	(0.6%)	3.3%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	0.0%	0.0%	91.0%	99.4%	97.6%	0.0%	93.9%	94.4%	91.8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	3.8%	1.9%	1.9%	0.0%	2.3%	2.3%	2.3%
Capital payments % of capital expenditure	18(1)c,(19)	8	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	0.0%	172.8%	123.9%	132.9%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	(100.0%)	18.0%	9.6%	9.2%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	(100.0%)	9.5%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	1.9%	1.9%	1.9%	0.0%	2.0%	1.8%	1.8%
Asset renew al % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	13.2%	8.7%	8.7%	0.0%	17.0%	13.6%	25.0%

2.6.2.1 Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

2.6.2.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 20. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.2.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as service delivery protests. This measure will have to be carefully monitored going forward.

2.6.2.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.2.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

2.6.2.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.2.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

2.6.2.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position.

2.6.2.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

2.6.2.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could

indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

2.6.2.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

2.6.2.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

2.6.2.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 31 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		-	-	-	240,994	240,994	240,994	251,551	280,891	309,039
Local Government Equitable Share					216,728	216,728	216,728	239,112	275,335	303,044
Local Government Equitable Share					4,375	4,375	4,375			
Municipal Demarcation Transition Grant					9,714	9,714	9,714	4,566		
Local Government Financial Management Grant					2,950	2,950	2,950	3,100	3,356	3,616
EPWP Incentive					3,927	3,927	3,927	2,673		
Infrastructure Skills Development Grant					3,300	3,300	3,300	2,100	2,200	2,379
Other transfers/grants GRAP]										
Provincial Government:		-	-	-	17,521	14,881	14,881	23,160	17,160	18,000
Libraries Plan Grant					800	800	800	3,000		
Department of Co-operative Governance - GRAP 17					1,000	1,000	1,000	1,000		
Department of Co-operative Governance - PMS					2,000	2,000	2,000	1,000		
Recapitalisation of community Libraries Grant					13,721	11,081	11,081	17,160	17,160	18,000
GRAP 17								1,000		
District Municipality:		-	-	-	2,148	2,148	2,148	2,296	-	-
HIV/Aids District Grant					2,148	2,148	2,148	2,296		
Other grant providers:		-	-	-	3,575	3,575	3,575	-	-	-
SDL Subsidy					3,575	3,575	3,575			
Total operating expenditure of Transfers and Grants		-	-	-	264,238	261,598	261,598	277,007	298,051	327,039
Capital expenditure of Transfers and Grants										
National Government:		-	-	-	100,124	100,124	100,124	144,948	170,217	208,850
Municipal Infrastructure Grant (MIG)					83,124	83,124	83,124	100,948	98,217	103,959
Integrated National Electrification Program					17,000	17,000	17,000	9,000	7,000	40,000
Public Transport and Systems										
MWIG								35,000	65,000	64,891
Provincial Government:		-	-	-	-	-	-	16,733	53,190	-
Recapitalisation of community Libraries Grant					4,400	7,645	7,645	5,733		
RBIG					-	-	-			
WSG					-	-	-			
Social Development					10,000	-	-			
Cooperate Governance and Traditional Affairs						16,000	16,000			
Human Settlement Development Grant						108,663	108,663	11,000	53,190	
Municipal Water Infrastructure Grant					30,000	30,000	30,000			
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
HIV/Aids District Grant										
Other grant providers:		-	-	-	-	-	-	-	-	-
SDL Subsidy										
Total capital expenditure of Transfers and Grants		-	-	-	100,124	100,124	100,124	161,681	223,407	208,850
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	-	-	364,362	361,722	361,722	438,688	521,458	535,889

Table 32 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts								251,551	280,891	309,039
Conditions met - transferred to revenue		-	-	-	-	-	-	251,551	280,891	309,039
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts								23,160	17,160	18,000
Conditions met - transferred to revenue		-	-	-	-	-	-	23,160	17,160	18,000
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts								2,296		
Conditions met - transferred to revenue		-	-	-	-	-	-	2,296	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		-	-	-	-	-	-	277,007	298,051	327,039
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts								144,948	170,217	208,850
Conditions met - transferred to revenue		-	-	-	-	-	-	144,948	170,217	208,850
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts								16,733	53,190	-
Conditions met - transferred to revenue		-	-	-	-	-	-	16,733	53,190	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	-	-	-	-	-	161,681	223,407	208,850
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		-	-	-	-	-	-	438,688	521,458	535,889
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

2.8 Councillor and employee benefits

Table 33 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages	1				27,132	24,132	24,132	22,784	24,179	
Pension and UIF Contributions					-	-	-			
Medical Aid Contributions					-	-	-			
Motor Vehicle Allowance					522	522	522	5,382	5,711	
Cellphone Allowance					250	250	250	1,553	1,648	
Housing Allowances					-	-	-			
Other benefits and allowances					-	-	-			
Sub Total - Councillors		-	-	-	27,904	24,904	24,904	29,718	31,538	-
% increase	4		-	-	-	(10.8%)	-	19.3%	6.1%	(100.0%)
Senior Managers of the Municipality										
Basic Salaries and Wages	2				25,093	9,909	9,909	8,462	9,055	
Pension and UIF Contributions						-	-			
Medical Aid Contributions						-	-			
Overtime						-	-			
Performance Bonus						2,997	2,997	2,376	2,543	
Motor Vehicle Allowance	3					-	-			
Cellphone Allowance	3					130	130	112	120	
Housing Allowances	3					-	-			
Other benefits and allowances	3					-	-			
Payments in lieu of leave						-	-			
Long service awards						-	-			
Post-retirement benefit obligations	6					-	-			
Sub Total - Senior Managers of Municipality		-	-	-	25,093	13,037	13,037	10,951	11,718	-
% increase	4		-	-	-	(48.0%)	-	(16.0%)	7.0%	(100.0%)
Other Municipal Staff										
Basic Salaries and Wages					230,145	270,214	270,214	276,926	296,571	
Pension and UIF Contributions					55,550	60,267	60,267	60,267	64,486	
Medical Aid Contributions					38,098	36,263	36,263	36,263	38,801	
Overtime					10,675	10,607	10,607	10,607	11,350	
Performance Bonus					6,934	4,713	4,713	4,713	5,043	
Motor Vehicle Allowance	3				20,169	21,237	21,237	21,237	22,723	
Cellphone Allowance	3				2,223	2,301	2,301	2,301	2,462	
Housing Allowances	3				18,518	18,744	18,744	18,744	20,056	
Other benefits and allowances	3				-	4,027	4,027	4,027	4,308	
Payments in lieu of leave					-	3,002	3,002	3,002	3,213	
Long service awards					17,908	17,656	17,656	17,656	18,892	
Post-retirement benefit obligations	6					-	-	-	-	
Sub Total - Other Municipal Staff		-	-	-	400,220	449,030	449,030	455,743	487,905	-
% increase	4		-	-	-	12.2%	-	1.5%	7.1%	(100.0%)
Total Parent Municipality		-	-	-	453,217	486,971	486,971	496,412	531,160	-

Table 34 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

GT485 Rand West City - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<u>Councillors</u>	3							
Speaker	4		491 125		197 248			688 373
Chief Whip			460 431		187 173			647 604
Executive Mayor			613 908		238 332			852 239
Executive Committee			4 604 309		1 871 730			6 476 038
Total for all other councillors			13 272 902		4 424 301			17 697 203
Total Councillors	8	-	19 442 674	-	6 918 783			26 361 457
<u>Senior Managers of the Municipality</u>	5							
Municipal Manager (MM)			1 305 765		216 000			1 521 765
Chief Finance Officer			1 040 039		204 000			1 244 039
Executive managers			5 200 195		1 020 000			6 220 195
								-
Total Senior Managers of the Municipality	8,10	-	7 545 999	-	1 440 000	-		8 985 999
<u>A Heading for Each Entity</u>	6,7							
List each member of board by designation								
Total for municipal entities	8,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	26 988 673	-	8 358 783	-		35 347 456

Table 35 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers		Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities											
Councillors (Political Office Bearers plus Other Councillors)									76	2	74
Board Members of municipal entities		4							-	-	-
Municipal employees											
Municipal Manager and Senior Managers		5									
Other Managers		3							7		7
Professionals		7							31	8	23
Finance			-	-	-	-	-	-	27	25	2
Spatial/town planning									5	5	
Information Technology											
Roads											
Electricity											
Water											
Sanitation											
Refuse											
Other									22	20	2
Technicians			-	-	-	-	-	-	74	73	1
Finance									-	-	-
Spatial/town planning									15	14	1
Information Technology									4	4	
Roads									7	7	
Electricity									23	23	
Water									8	8	
Sanitation									11	11	
Refuse											
Other									6	6	
Clerks (Clerical and administrative)									194	170	24
Service and sales workers									-	-	-
Skilled agricultural and fishery workers									-	-	-
Craft and related trades									-	-	-
Plant and Machine Operators									94	94	
Elementary Occupations									524	394	
TOTAL PERSONNEL NUMBERS		9	-	-	-	-	-	-	1,027	766	131
% increase						-	-	-	-	-	-
Total municipal employees headcount		6, 10									
Finance personnel headcount		8, 10									
Human Resources personnel headcount		8, 10									

2.9 Monthly targets for revenue, expenditure and cash flow

Table 36 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand																
Revenue By Source																
Property rates		18,408	18,408	18,408	18,408	18,408	18,408	18,408	18,408	18,408	18,408	18,408	(9,715)	192,778	203,871	250,640
Service charges - electricity revenue		36,594	36,594	39,594	39,594	39,594	50,594	50,594	35,594	35,594	35,594	79,594	107,208	586,744	616,125	659,207
Service charges - water revenue		20,982	20,982	35,982	30,982	30,982	24,982	30,982	24,982	24,982	18,982	18,982	2,596	286,403	303,587	321,802
Service charges - sanitation revenue		4,092	4,092	4,092	4,092	4,092	4,092	4,092	4,092	4,092	4,092	4,092	5,600	50,606	53,643	56,861
Service charges - refuse revenue		4,855	4,855	4,855	4,855	4,855	4,855	4,855	4,855	4,855	4,855	4,855	(1,467)	51,940	55,057	58,360
Service charges - other		1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	(9,572)	2,850	2,305	2,444
Rental of facilities and equipment		302	302	302	302	302	302	302	302	302	302	302	302	3,626	3,844	4,075
Interest earned - external investments		301	121	229	229	301	121	229	229	301	229	229	675	3,193	3,385	3,588
Interest earned - outstanding debtors		1,542	1,542	1,542	1,542	1,542	1,542	1,542	1,542	1,542	1,542	1,542	1,542	18,509	19,842	21,033
Dividends received				10		10		10		10			10	50	53	56
Fines, penalties and forfeits		883	883	883	883	883	883	883	883	883	883	883	883	10,599	11,235	11,909
Licences and permits		11	11	11	11	11	11	11	11	11	11	11	(35)	86	91	96
Agency services		1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	11,581	28,365	30,067	31,871
Transfers and subsidies		50,109	—	30,109	—	55,109	—	22,109	—	107,875	—	—	17,742	283,054	306,128	335,637
Other revenue		2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,881	35,842	37,993	40,272
Gains on disposal of PPE													—	—	—	—
Total Revenue (excluding capital transfers and contributions)		143,732	93,443	141,670	106,551	161,742	111,443	139,670	96,551	204,508	90,551	134,551	130,231	1,554,645	1,647,226	1,797,851
Expenditure By Type																
Employee related costs		41,368	41,368	41,368	41,368	41,368	41,368	41,368	41,368	41,368	41,368	41,368	35,202	490,246	524,695	561,183
Remuneration of councillors		2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,163	26,361	28,105	29,970
Debt impairment		—	—	—	—	—	—	—	—	—	—	—	27,209	27,209	28,842	30,573
Depreciation & asset impairment		14,309	14,309	14,309	14,309	14,309	14,309	14,309	14,309	14,309	14,309	14,309	15,221	172,624	182,981	193,960
Finance charges		437	437	437	437	437	437	437	437	437	437	437	966	5,768	5,585	5,921
Bulk purchases		50,499	53,499	53,499	50,499	45,499	45,499	53,499	53,499	53,499	45,499	53,499	54,758	613,245	650,040	689,042
Other materials		—	—	—	—	—	—	—	—	—	—	—	72,379	72,379	66,575	66,575
Contracted services		3,547	3,547	3,547	3,547	3,547	3,547	3,547	3,547	3,547	3,547	3,547	3,547	42,567	45,121	47,828
Transfers and subsidies		133	133	133	133	133	133	133	133	133	133	133	133	1,590	—	—
Other expenditure		11,798	11,798	11,798	11,798	11,798	11,798	11,798	11,798	11,798	11,798	11,798	(32,921)	96,855	102,666	108,826
Loss on disposal of PPE													—	—	—	—
Total Expenditure		124,290	127,290	127,290	124,290	119,290	119,290	127,290	127,290	127,290	119,290	127,290	178,657	1,548,845	1,634,610	1,733,877
Surplus/(Deficit)		19,443	(33,847)	14,381	(17,739)	42,453	(7,847)	12,381	(30,739)	77,218	(28,739)	7,261	(48,426)	5,801	12,617	63,974
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)													156,634	156,634	218,496	203,652
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)													—	—	—	—
Transfers and subsidies - capital (in-kind - all)													—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		19,443	(33,847)	14,381	(17,739)	42,453	(7,847)	12,381	(30,739)	77,218	(28,739)	7,261	108,208	162,435	231,113	267,626
Taxation													—	—	—	—
Attributable to minorities													—	—	—	—
Share of surplus/ (deficit) of associate													—	—	—	—
Surplus/(Deficit)	1	19,443	(33,847)	14,381	(17,739)	42,453	(7,847)	12,381	(30,739)	77,218	(28,739)	7,261	108,208	162,435	231,113	267,626

Table 37 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand																
Revenue by Vote																
Vote 1 - Municipal Management Office													-	-	-	-
Vote 2 - Infrastructure Services		86,025	86,025	86,025	86,025	86,025	76,025	96,025	86,025	86,025	80,025	86,025	92,025	1,032,301	1,104,239	1,210,494
Vote 3 - COMMUNITY SERVICES		10,887	10,887	10,887	10,887	10,887	10,887	10,887	10,887	10,887	10,887	10,887	10,887	130,645	137,786	157,845
Vote 4 - ECONOMIC DEVELOPMENT AND PLANNING		6,358		4,358		861	1,358			3,358			(0)	16,291	17,268	18,304
Vote 5 - GOVERNANCE & TRANSFORMATION SUPPORT		707				707				707			-	2,120	2,247	2,382
Vote 6 - FINANCIAL MANAGEMENT SERVICES		70,765	-	9,765	11,765	75,765	-	7,765	27,765	101,827	-	27,765	8,761	341,946	352,463	373,610
Vote 7 - CORPORATE SUPPORT SERVICES		941	941	941	941	941	941	941	941	941	941	941	941	11,287	11,964	12,682
Vote 8 - CHIEF INFORMATION OFFICER		1,782	1,782	1,782	1,782	1,782	1,782	1,782	1,782	1,782	1,782	1,782	452	20,055	21,258	22,533
Vote 9 - INTERNAL AUDITING													-	-	-	-
Vote 10 - POLITICAL OFFICE & IGR													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Total Revenue by Vote		177,464	99,635	113,758	111,400	176,967	90,992	117,400	127,400	205,526	93,635	127,400	113,066	1,554,645	1,647,226	1,797,851
Expenditure by Vote to be appropriated																
Vote 1 - Municipal Management Office		780	780	780	780	780	780	780	780	780	780	780	780	9,363	9,924	10,520
Vote 2 - Infrastructure Services		77,703	77,703	77,703	77,703	77,703	77,703	77,703	77,703	77,703	77,703	77,703	77,071	931,807	977,716	1,037,570
Vote 3 - COMMUNITY SERVICES		17,871	17,871	17,871	17,871	17,871	17,871	17,871	17,871	17,871	17,871	17,871	17,871	214,448	227,315	240,954
Vote 4 - ECONOMIC DEVELOPMENT AND PLANNING		5,841	5,841	5,841	5,841	5,841	5,841	5,841	5,841	5,841	5,841	5,841	5,841	70,091	73,853	78,284
Vote 5 - GOVERNANCE & TRANSFORMATION SUPPORT		1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	13,433	14,239	15,093
Vote 6 - FINANCIAL MANAGEMENT SERVICES		10,494	10,494	10,494	10,494	10,494	10,494	10,494	10,494	10,494	10,494	10,494	10,494	125,932	136,766	144,971
Vote 7 - CORPORATE SUPPORT SERVICES		6,953	6,953	6,953	6,953	6,953	6,953	6,953	6,953	6,953	6,953	6,953	6,953	83,439	88,445	93,752
Vote 8 - CHIEF INFORMATION OFFICER		1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	19,638	20,816	22,065
Vote 9 - INTERNAL AUDITING		301	301	301	301	301	301	301	301	301	301	301	301	3,616	3,833	4,063
Vote 10 - POLITICAL OFFICE & IGR		6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	77,078	81,703	86,605
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Total Expenditure by Vote		129,123	129,123	129,123	129,123	129,123	129,123	129,123	129,123	129,123	129,123	129,123	128,490	1,548,845	1,634,610	1,733,877
Surplus/(Deficit) before assoc.		48,341	(29,488)	(15,365)	(17,723)	47,844	(38,131)	(11,723)	(1,723)	76,403	(35,488)	(1,723)	(15,424)	5,800	12,617	63,974
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	48,341	(29,488)	(15,365)	(17,723)	47,844	(38,131)	(11,723)	(1,723)	76,403	(35,488)	(1,723)	(15,424)	5,800	12,617	63,974

Table 38 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand																
Revenue - Functional																
Governance and administration		31,405	31,405	31,405	31,405	31,405	31,405	31,405	31,405	31,405	31,405	31,405	31,405	376,856	439,573	505,995
Executive and council		1,959	1,959	1,959	1,959	1,959	1,959	1,959	1,959	1,959	1,959	1,958,698.93	1,959	23,504	24,915	26,410
Finance and administration		29,446	29,446	29,446	29,446	29,446	29,446	29,446	29,446	29,446	29,446	29,445,977.96	29,446	353,352	414,659	479,585
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		2,924	2,924	2,924	2,924	2,924	2,924	2,924	2,924	2,924	2,924	2,924	2,924	35,088	37,194	39,425
Community and social services		1,548	1,548	1,548	1,548	1,548	1,548	1,548	1,548	1,548	1,548	1,547,870.67	1,548	18,574	19,689	20,870
Sport and recreation		65	65	65	65	65	65	65	65	65	65	64,963.02	65	780	826	876
Public safety		569	569	569	569	569	569	569	569	569	569	569,201.17	569	6,830	7,240	7,675
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		742	742	742	742	742	742	742	742	742	742	742,000.00	742	8,904	9,438	10,005
Economic and environmental services		3,655	3,655	3,655	3,655	3,655	3,655	3,655	3,655	3,655	3,655	3,655	3,655	43,861	46,493	49,282
Planning and development		1,520	1,520	1,520	1,520	1,520	1,520	1,520	1,520	1,520	1,520	1,519,650.84	1,520	18,236	19,330	20,490
Road transport		2,123	2,123	2,123	2,123	2,123	2,123	2,123	2,123	2,123	2,123	2,122,695.73	2,123	25,472	27,001	28,621
Environmental protection		13	13	13	13	13	13	13	13	13	13	12,755.96	13	153	162	172
Trading services		91,681	91,681	91,681	91,681	91,681	91,681	91,681	91,681	91,681	91,681	91,681	90,351	1,098,839	1,123,966	1,203,148
Energy sources		51,900	51,900	51,900	51,900	51,900	51,900	51,900	51,900	51,900	51,900	51,900,158.82	50,570	621,472	628,760	666,486
Water management		27,551	27,551	27,551	27,551	27,551	27,551	27,551	27,551	27,551	27,551	27,551,332.06	27,551	330,616	340,453	371,624
Waste water management		5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641	5,641,404.51	5,641	67,697	70,955	76,212
Waste management		6,588	6,588	6,588	6,588	6,588	6,588	6,588	6,588	6,588	6,588	6,587,901.74	6,588	79,055	83,798	88,826
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional		129,665	129,665	129,665	129,665	129,665	129,665	129,665	129,665	129,665	129,665	129,665	128,334	1,554,645	1,647,226	1,797,851
Expenditure - Functional																
Governance and administration		30,019	30,019	30,019	30,019	30,019	30,019	30,019	30,019	30,019	30,019	30,019	30,019	360,233	385,125	408,232
Executive and council		8,624	8,624	8,624	8,624	8,624	8,624	8,624	8,624	8,624	8,624	8,624,138.79	8,624	103,490	109,699	116,281
Finance and administration		21,395	21,395	21,395	21,395	21,395	21,395	21,395	21,395	21,395	21,395	21,395,244.11	21,395	256,743	275,426	291,951
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		12,130	12,130	12,130	12,130	12,130	12,130	12,130	12,130	12,130	12,130	12,130	12,130	145,555	154,289	163,546
Community and social services		3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263,429.29	3,263	39,161	41,511	44,001
Sport and recreation		7,146	7,146	7,146	7,146	7,146	7,146	7,146	7,146	7,146	7,146	7,146,265.36	7,146	85,755	90,900	96,355
Public safety		1,536	1,536	1,536	1,536	1,536	1,536	1,536	1,536	1,536	1,536	1,535,586.67	1,536	18,427	19,533	20,705
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		184	184	184	184	184	184	184	184	184	184	184,341.98	184	2,212	2,345	2,486
Economic and environmental services		10,934	10,934	10,934	10,934	10,934	10,934	10,934	10,934	10,934	10,934	10,934	10,934	131,204	139,076	147,421
Planning and development		5,025	5,025	5,025	5,025	5,025	5,025	5,025	5,025	5,025	5,025	5,025,097.38	5,025	60,301	63,919	67,754
Road transport		5,719	5,719	5,719	5,719	5,719	5,719	5,719	5,719	5,719	5,719	5,718,752.17	5,719	68,625	72,743	77,107
Environmental protection		190	190	190	190	190	190	190	190	190	190	189,829.83	190	2,278	2,415	2,560
Trading services		76,040	76,040	76,040	76,040	76,040	76,040	76,040	76,040	76,040	76,040	76,040	75,408	911,852	956,120	1,014,678
Energy sources		47,531	47,531	47,531	47,531	47,531	47,531	47,531	47,531	47,531	47,531	47,530,655.36	46,898	569,735	593,476	617,515
Water management		21,884	21,884	21,884	21,884	21,884	21,884	21,884	21,884	21,884	21,884	21,883,829.24	21,884	262,606	278,362	307,824
Waste water management		3,131	3,131	3,131	3,131	3,131	3,131	3,131	3,131	3,131	3,131	3,131,491.29	3,131	37,578	39,833	42,223
Waste management		3,494	3,494	3,494	3,494	3,494	3,494	3,494	3,494	3,494	3,494	3,494,431.85	3,494	41,933	44,449	47,116
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional		129,123	129,123	129,123	129,123	129,123	129,123	129,123	129,123	129,123	129,123	129,123	128,490	1,548,845	1,634,610	1,733,877
Surplus/(Deficit) before assoc.		542	542	542	542	542	542	542	542	542	542	542	(156)	5,801	12,617	63,974
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	542	542	542	542	542	542	542	542	542	542	542	(156)	5,801	12,617	63,974

Table 39 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Multi-year expenditure to be appropriated	1															
Vote 1 - Municipal Management Office													-	-	-	-
Vote 2 - Infrastructure Services		4,134	6,582	8,734	11,667	11,617	14,067	14,067	14,417	15,267	14,467	14,967	20,917	150,901	213,496	203,652
Vote 3 - COMMUNITY SERVICES													-	-	-	-
Vote 4 - ECONOMIC DEVELOPMENT AND PLANNING													-	-	-	-
Vote 5 - GOVERNANCE & TRANSFORMATION SUPPORT SERVICES													-	-	-	-
Vote 6 - FINANCIAL MANAGEMENT SERVICES													-	-	-	-
Vote 7 - CORPORATE SUPPORT SERVICES													-	-	-	-
Vote 8 - CHIEF INFORMATION OFFICER													-	-	-	-
Vote 9 - INTERNAL AUDITING													-	-	-	-
Vote 10 - POLITICAL OFFICE & IGR													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Capital multi-year expenditure sub-total	2	4,134	6,582	8,734	11,667	11,617	14,067	14,067	14,417	15,267	14,467	14,967	20,917	150,901	213,496	203,652
Single-year expenditure to be appropriated																
Vote 1 - Municipal Management Office													-	-	-	-
Vote 2 - Infrastructure Services													-	-	5,000	-
Vote 3 - COMMUNITY SERVICES		133	-	250	400	700	350	1,250	500	500	650	500	500	5,733	-	-
Vote 4 - ECONOMIC DEVELOPMENT AND PLANNING													-	-	-	-
Vote 5 - GOVERNANCE & TRANSFORMATION SUPPORT SERVICES													-	-	-	-
Vote 6 - FINANCIAL MANAGEMENT SERVICES													-	-	-	-
Vote 7 - CORPORATE SUPPORT SERVICES													-	-	-	-
Vote 8 - CHIEF INFORMATION OFFICER													-	-	-	-
Vote 9 - INTERNAL AUDITING													-	-	-	-
Vote 10 - POLITICAL OFFICE & IGR													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Capital single-year expenditure sub-total	2	133	-	250	400	700	350	1,250	500	500	650	500	500	5,733	5,000	-
Total Capital Expenditure	2	4,267	6,582	8,984	12,067	12,317	14,417	15,317	14,917	15,767	15,117	15,467	21,417	156,634	218,496	203,652

Table 40 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional	1															
Governance and administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		389	316	650	1,550	1,400	1,700	2,300	1,500	1,900	1,950	1,750	6,700	22,105	12,000	10,000
Community and social services		200	316	-	950	300	750	550	1,000	600	1,200	650	2,418	8,933	5,000	-
Sport and recreation		189	-	650	600	1,100	950	1,750	500	1,300	750	1,100	4,282	13,172	7,000	10,000
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		167	1,600	2,418	4,100	4,100	4,500	4,700	4,700	5,100	4,700	5,600	6,133	47,818	45,643	44,246
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	2,000	-
Road transport		167	1,600	2,418	4,100	4,100	4,500	4,700	4,700	5,100	4,700	5,600	6,133	47,818	43,643	44,246
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		3,711	4,667	5,917	6,417	6,817	8,217	8,317	8,717	8,767	8,467	8,117	8,584	86,711	160,853	149,406
Energy sources		-	500	500	500	500	1,000	1,000	1,000	1,000	1,000	1,000	1,000	9,000	10,437	42,563
Water management		3,711	3,467	4,117	4,817	4,517	5,517	5,317	5,917	5,617	5,617	6,117	11,250	65,977	139,359	81,463
Waste water management		-	300	800	500	1,000	700	1,000	800	1,150	850	-	(5,600)	1,500	11,057	25,381
Waste management		-	400	500	600	800	1,000	1,000	1,000	1,000	1,000	1,000	1,934	10,234	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	2	4,267	6,582	8,984	12,067	12,317	14,417	15,317	14,917	15,767	15,117	15,467	21,417	156,634	218,496	203,652
Funded by:																
National Government		3,634	6,582	8,134	10,967	10,817	13,067	13,067	13,417	14,067	13,267	13,467	(15,583)	104,901	100,306	138,761
Provincial Government		633	-	850	1,100	1,500	1,350	2,250	1,500	1,700	1,850	2,000	37,000	51,733	118,190	64,891
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		4,267	6,582	8,984	12,067	12,317	14,417	15,317	14,917	15,767	15,117	15,467	21,417	156,634	218,496	203,652
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Funding		4,267	6,582	8,984	12,067	12,317	14,417	15,317	14,917	15,767	15,117	15,467	21,417	156,634	218,496	203,652

Table 41 MBRR SA30 - Budgeted monthly cash flow**GT485 Rand West City - Supporting Table SA30 Budgeted monthly cash flow**

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand															
Cash Receipts By Source															
Property rates	15 262	15 262	15 262	15 262	15 262	15 262	15 262	15 262	15 262	15 262	15 262	15 262	183 139	194 127	205 775
Service charges - electricity revenue	44 264	44 264	44 264	44 264	44 264	44 264	44 264	44 264	44 264	44 264	44 264	44 264	70 497	557 406	626 302
Service charges - water revenue	23 733	23 733	23 733	23 733	23 733	23 733	23 733	23 733	23 733	23 733	23 733	23 733	11 016	272 083	305 712
Service charges - sanitation revenue	3 887	3 887	3 887	3 887	3 887	3 887	3 887	3 887	3 887	3 887	3 887	3 887	5 320	48 076	54 018
Service charges - refuse revenue	4 112	4 112	4 112	4 112	4 112	4 112	4 112	4 112	4 112	4 112	4 112	4 112	49 343	52 304	55 442
Service charges - other	248	248	248	248	248	248	248	248	248	248	248	248	122	2 850	3 202
Rental of facilities and equipment	302	302	302	302	302	302	302	302	302	302	302	302	3 626	3 844	4 075
Interest earned - external investments	229	229	229	229	229	229	229	229	229	229	229	229	675	3 193	3 588
Interest earned - outstanding debtors	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	18 509	19 619	20 796
Dividends received	—	—	—	—	—	—	—	—	—	—	—	—	50	53	56
Fines, penalties and forfeits	883	883	883	883	883	883	883	883	883	883	883	883	10 599	11 235	11 909
Licences and permits	7	7	7	7	7	7	7	7	7	7	7	7	86	91	96
Agency services	1 526	1 526	1 526	1 526	1 526	1 526	1 526	1 526	1 526	1 526	1 526	11 581	28 365	30 067	31 871
Transfer receipts - operational	92 852	2 800	2 800	2 800	82 504	2 800	2 800	2 800	82 504	—	—	—	283 054	300 037	318 039
Other revenue	2 996	2 996	2 996	2 996	2 996	2 996	2 996	2 996	2 996	2 996	2 996	2 881	35 842	37 993	40 273
Cash Receipts by Source	191 844	101 793	101 793	101 793	181 497	101 793	101 793	101 793	181 497	98 992	98 992	124 250	1 496 222	1 585 995	1 681 155
Other Cash Flows by Source															
Transfer receipts - capital			40 000				40 000					24 901	104 901	100 306	
Transfers and subsidies - Provincial Departmental							12 400					39 333	51 733		
Total Cash Receipts by Source	191 844	101 793	141 793	101 793	181 497	101 793	154 193	101 793	181 497	98 992	98 992	188 484	1 652 856	1 686 301	1 681 155
Cash Payments by Type															
Employee related costs	41 201	41 201	41 201	41 201	41 201	41 201	41 201	41 201	41 201	41 201	41 201	41 201	494 412	529 020	566 052
Remuneration of councillors	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200	2 200	26 398	27 982	29 661
Finance charges	437	437	437	437	437	437	437	437	437	437	437	437	5 238	5 553	5 886
Bulk purchases - Electricity	28 499	28 499	28 499	28 499	28 499	28 499	28 499	28 499	28 499	28 499	28 499	28 499	341 986	369 345	398 892
Bulk purchases - Water & Sewer	25 000	25 000	25 000	25 000	25 000	25 000	25 000	25 000	25 000	25 000	25 000	25 000	300 000	327 000	356 430
Other materials	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contracted services	3 547	3 547	3 547	3 547	3 547	3 547	3 547	3 547	3 547	3 547	3 547	3 547	42 567	45 121	47 828
Transfers and grants - other municipalities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and grants - other	133	133	133	133	133	133	133	133	133	133	133	133	1 590	1 685	1 787
Other expenditure	11 798	11 798	11 798	11 798	11 798	11 798	11 798	11 798	11 798	11 798	11 798	11 798	141 574	150 068	159 072
Cash Payments by Type	112 814	112 814	112 814	112 814	112 814	112 814	112 814	112 814	112 814	112 814	112 814	112 814	1 353 765	1 455 774	1 565 608
Other Cash Flows/Payments by Type															
Capital assets	22 553	22 553	22 553	22 553	22 553	22 553	22 553	22 553	22 553	22 553	22 553	22 553	270 631	270 631	270 631
Repayment of borrowing			10 000			10 000						(18 000)	2 000	1 445	1 301
Other Cash Flows/Payments												—			
Total Cash Payments by Type	135 366	135 366	145 366	135 366	135 366	145 366	135 366	135 366	135 366	135 366	135 366	117 366	1 626 396	1 727 850	1 837 540
NET INCREASE/(DECREASE) IN CASH HELD	56 478	(33 574)	(3 574)	(33 574)	46 130	(43 574)	18 826	(33 574)	46 130	(36 374)	(36 374)	71 118	26 460	(41 549)	(156 385)
Cash/cash equivalents at the month/year begin:	33 500	89 978	56 404	52 830	19 257	65 387	21 814	40 640	7 067	53 197	16 823	(19 551)	33 500	59 960	18 411
Cash/cash equivalents at the month/year end:	89 978	56 404	52 830	19 257	65 387	21 814	40 640	7 067	53 197	16 823	(19 551)	51 567	59 960	18 411	(137 974)

2.10 Annual budgets and SDBIPs – internal departments

To be completed when the 2017/18 SDBIP is submitted to the Executive Mayor for approval in terms of the MFMA.

2.11 Contracts having future budgetary implications

In terms of the City's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Budget and Treasury Office (BTO).

2.12 Capital expenditure details

The following tables present details of the municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 42 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	2017/18 Medium Term Revenue & Expenditure Framework			Project information	
								Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
R thousand			2	6	3	3	5					
Infrastructure Services	Rehabilitation of Sewer Networks in Mohlakeng and Toekomsrus			Yes	Infrastructure - Sanitation	Sewerage purification		1,500	6,057	10,381	All Wards(Mohlakeng&Toekomsrus)	Renewal
Infrastructure Services	Rehabilitation of Roads in Mohlakeng and Toekomsrus: Phase 5			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		7,083	1,500	5,000	Ward 8,15,16&20	Renewal
Infrastructure Services	Construction of Toekomsrus sports complex			Yes	Community	Sportsfields & stadia		3,200	-		Ward 8	New
Infrastructure Services	Construction of Roads and Stormwater in Badirile: Phase 1			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		9,500	5,000	5,827	Ward 1	New
Infrastructure Services	Development of Cemeteries			Yes	Community	Parks & gardens		3,200	-		All Wards(Mohlakeng&Toekomsrus)	New
Infrastructure Services	Upgrading Toekomsrus Stadium			Yes	Community	Sportsfields & stadia		3,916	5,000	10,000	Ward 8	Renewal
Infrastructure Services	Procurement of Meters			Yes	Community	Reticulation		5,000	5,000	5,000	All Wards: Greater Rand west	New
Infrastructure Services	Upgrading Finsbury sports complex			Yes	Community	Sportsfields & stadia		-	2,000		Ward 2	Renewal
Infrastructure Services	Elandsfontein food production units			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		-	2,000		Ward 3	New
Infrastructure Services	Construction of Old roads:Mohlakeng Ext 4 and 7)			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		5,417	6,000	8,000	Ward 3	New
Infrastructure Services	Construction of roads:Mohlakeng Ext 3 and 5)			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		7,083	10,199	8,000	Ward11&15	New
Infrastructure Services	Rehabilitation of roads:Mohlakeng Phase 4			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		2,869	-	-	All Wards: Mohlakeng	Renewal
Infrastructure Services	Construction of Brandeg Road			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		1,366	5,000		Ward 2	New
Infrastructure Services	Upgrading of storm water Mohlakeng and Toekomsrus			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		1,500	4,000	5,000	All Wards(Mohlakeng&Toekomsrus)	Renewal
Economic Development & Planning	Droogheuwel bulk water supply			Yes	Infrastructure-Water	Water Purification		11,000	53,190	-	Ward 2	New
Community Services	Procurement of Books for all the Libraries			Yes	Community	Libraries		1,000	-		Ward 2,3,4,8,11,12&19	New
Community Services	Maintenance of Library Infrastructure			Yes	Community	Libraries		3,333	-		Ward 2,3,4,8,11,12&20	Renewal
Infrastructure Services	Construction of Badirile sports facility			Yes	Community	Sportsfields & stadia		5,000	-		Ward 1	New
Infrastructure Services	Water Supply:Greater Randwest			Yes	Infrastructure - Water	Reticulation		35,000	65,000	64,891	All Wards	New
Infrastructure Services	Pre-paid Water Meters (Ph5) Supply & Installation			Yes	Infrastructure - Water	Reticulation		1,500	1,500	1,500	All Wards(Greater Westonaria)	New
Infrastructure Services	Simunye Multi Purpose Sport & Recreation Community Centre (Soccer Field)			Yes	Community	Sportsfields & stadia		1,056	-		Ward 27	New
Infrastructure Services	Rehabilitation of Roads in Zuurbekom (Phase 2)			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		6,500	4,138	5,562	Ward 17	New
Infrastructure Services	Simunye Internal Roads (Ph7)			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		6,500	1,820		Ward 28	New
Infrastructure Services	Westonaria Sport Complex (Phase 3)			Yes	Community	Sportsfields & stadia		-	-		Ward 26	Renewal
Infrastructure Services	Westonaria Cemetery Access Road & Internal Roads			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		-	5,030		Ward 26	New
Infrastructure Services	Libanon Landfill Site - Construction of waste processing plant (Phase 2)			Yes	Infrastructure - Other	Waste Management		10,234	-		Ward 25	New
Infrastructure Services	Zuurbekom Multi Purpose Sport & Recreation Community Centre (Soccer Field)			Yes	Community	Sportsfields & stadia		-	5,000		Ward 17	New
Infrastructure Services	Upgrading of Outfall Sewer in Hills Haven			Yes	Infrastructure - Sanitation	Sewerage purification		-	5,000	15,000	Ward 26	Renewal
Infrastructure Services	Construction of alternate supply pipeline in Westonaria			Yes	Infrastructure - Water	Reticulation		13,477	9,625		Ward 26	New
Infrastructure Services	Construction of Alternate Pump Supply pipeline in Glenharvie			Yes	Infrastructure - Water	Reticulation		-	5,044	10,072	Ward 23	New
Infrastructure Services	Access road to Hannes Van Niekerk			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		-	956	6,857	Ward 26	New
Infrastructure Services	Upgrading and Refurbishment streetlights:Greater Westonaria			Yes	Infrastructure-Electricity	Transmission & Reticulation		-	2,000		All Wards(Greater Westonaria)	Renewal
Infrastructure Services	New highmast lights:Zuurbekom			Yes	Infrastructure-Electricity	Transmission & Reticulation		-	1,437	2,563	Ward 17	New
Infrastructure Services	Borwa substation			Yes	Infrastructure-Electricity	Transmission & Reticulation		9,000	7,000	40,000	Ward 26	New
Community Services	Dual purpose Library:Bekkersdal/Hillshaven/Zuurbekom			Yes	Community	Libraries		900	-	-	Ward 26&17	New
Community Services	Installation of security system			Yes	Community	Libraries		500	-	-	Ward 23,25,26,28&32	New
Parent Capital expenditure								156,634	218,496	203,652		

Table 43 MBRR SA37 - Projects delayed from previous financial year**2.13****2.14 Legislation compliance status**

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively.
2. Internship programme
The municipality is participating in the Municipal Financial Management Internship programme and has employed a number of interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2017/18 MTREF in May 2017 directly aligned and informed by the 2017/18 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.15 Other supporting documents

Table 44 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates					237,654	237,654	237,654		233,889	247,922	262,797
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)					38,690	38,690	38,690		41,111	44,051	12,158
Net Property Rates		-	-	-	198,964	198,964	198,964	-	192,778	203,871	250,640
Service charges - electricity revenue	6										
Total Service charges - electricity revenue					656,067	517,492	517,492		593,217	622,987	666,481
less Revenue Foregone (in excess of 50 kwh per indigent household per month)					11,938	0	0		5,838	6,188	6,559
less Cost of Free Basis Services (50 kwh per indigent household per month)		-	-	-	600	600	-		636	674	715
Net Service charges - electricity revenue		-	-	-	643,529	516,892	517,492	-	586,744	616,125	659,207
Service charges - water revenue	6										
Total Service charges - water revenue					250,155	274,775	274,775		291,061	308,524	327,036
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)					9,475	0	0		4,586	4,861	5,153
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		-	-	-	72	72	-		72	76	81
Net Service charges - water revenue		-	-	-	240,608	274,703	274,775	-	286,403	303,587	321,802
Service charges - sanitation revenue											
Total Service charges - sanitation revenue					52,839	46,319	46,319		50,606	53,643	56,861
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)		-	-	-	-	-	-		-	-	-
Net Service charges - sanitation revenue		-	-	-	52,839	46,319	46,319	-	50,606	53,643	56,861
Service charges - refuse revenue	6										
Total refuse removal revenue					64,500	54,963	54,963		66,683	70,684	74,925
Total landfill revenue						-	-				
less Revenue Foregone (in excess of one removal a week to indigent households)					4,474	0	0		14,743	15,627	16,565
less Cost of Free Basis Services (removed once a week to indigent households)		-	-	-	-	-	-		-	-	-
Net Service charges - refuse revenue		-	-	-	60,026	54,964	54,964	-	51,940	55,057	58,360
Other Revenue by source											
Advertising					578	578	578				
Grave and burial fees					1,485	1,485	1,485		1,574	1,669	1,769
Building Plan Fees					2,500	2,500	2,500		2,650	2,809	2,978
Photocopying					209	209	209		142	151	160
Other Farming Income					150	150	150		159	169	179
Sale of bins					1,152	1,152	1,152		1,221	1,294	1,372
Tender documents					668	668	668		708	751	796
Clearance Certificates					4,549	4,549	4,549		4,822	5,111	5,418
Commissions					4,591	4,591	4,591		4,867	5,159	5,468
Sale of stands					6,178	6,178	6,178		6,549	6,942	7,359
Search Fees					4,591	4,591	4,591		5,016	5,317	5,636
Other Revenue	3				7,270	7,270	7,270		8,134	8,622	9,139
Total 'Other' Revenue	1	-	-	-	33,922	33,922	33,922	-	35,842	37,993	40,272

Table 47 MBRR Table SA1 - Supporting detail to budgeted financial performance

(Continued)

EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2				271,238	279,838	279,838		338,500	362,947	388,009
Pension and UIF Contributions					60,550	60,550	60,550		52,520	56,047	59,953
Medical Aid Contributions					38,098	38,098	38,098		32,447	34,278	36,827
Overtime					10,675	10,675	10,675		10,751	11,503	12,308
Performance Bonus					6,934	6,934	6,934		8,250	8,827	9,445
Motor Vehicle Allowance					20,169	20,169	20,169		12,809	13,678	14,607
Cellphone Allowance					2,223	2,223	2,223		2,276	2,435	2,606
Housing Allowances					19,105	19,105	19,105		4,748	5,079	5,433
Other benefits and allowances					3,564	3,564	3,564		5,294	5,665	6,061
Payments in lieu of leave					3,002	3,002	3,002		3,213	3,437	3,678
Long service awards					17,908	17,908	17,908		19,438	20,799	22,255
Post-retirement benefit obligations	4										
sub-total	5	-	-	-	453,467	462,067	462,067	-	490,246	524,695	561,183
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	-	-	-	453,467	462,067	462,067	-	490,246	524,695	561,183
Contributions recognised - capital											
List contributions by contract											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property , Plant & Equipment					141,493	141,493	141,493		137,669	145,929	154,685
Lease amortisation					688	688	688		3,955	4,192	4,444
Capital asset impairment						20,000	20,000		31,000	32,860	34,832
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	-	-	-	142,182	162,182	162,182	-	172,624	182,981	193,960
Bulk purchases											
Electricity Bulk Purchases					444,857	409,857	409,857		417,563	442,616	469,173
Water Bulk Purchases					182,881	182,881	182,881		195,682	207,423	219,869
Total bulk purchases	1	-	-	-	627,738	592,738	592,738	-	613,245	650,040	689,042
Transfers and grants											
Cash transfers and grants		-	-	-	420	1,500	1,500	-	1,590	-	-
Non-cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Total transfers and grants	1	-	-	-	420	1,500	1,500	-	1,590	-	-
Contracted services											
Cash in transit					-	-	-				
Credit control cost					4,401	4,401	4,401		4,665	4,945	5,242
IT support contract					3,430	3,430	3,430		3,636	3,854	4,085
Prepaid vending cost					10,323	13,323	13,323		14,123	14,970	15,868
Private contractor					1,619	1,619	1,619		1,716	1,819	1,928
Security services					17,384	17,384	17,384		18,427	19,533	20,705
Westoaria sewerage disposal					-	-	-				
sub-total	1	-	-	-	37,157	40,157	40,157	-	42,567	45,121	47,828

Table 45 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - Municipal Management Office	Vote 2 - Infrastructur e Services	Vote 3 - COMMUNITY SERVICES	Vote 4 - ECONOMIC DEVELOPME NT AND	Vote 5 - GOVERNAN CE & TRANSFORM	Vote 6 - FINANCIAL MANAGEME NT	Vote 7 - CORPORATE SUPPORT SERVICES	Vote 8 - CHIEF INFORMATIO N OFFICER	Vote 9 - INTERNAL AUDITING	Vote 10 - POLITICAL OFFICE & IGR	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
Revenue By Source																	
Property rates						220,902	220,902										441,803
Service charges - electricity revenue		559,130															559,130
Service charges - water revenue		325,682															325,682
Service charges - sanitation revenue		49,098															49,098
Service charges - refuse revenue			58,262														58,262
Service charges - other			13,551														13,551
Rental of facilities and equipment								3,626									3,626
Interest earned - external investments						2,747	2,747										5,494
Interest earned - outstanding debtors						18,509	18,509										37,018
Dividends received						50	50										100
Fines, penalties and forfeits			10,600														10,600
Licences and permits			132														132
Agency services			18,310														18,310
Other revenue				16,291	2,120			7,661	9,886								35,958
Transfers and subsidies		98,391	55,684			90,977	90,977		11,498								347,528
Gains on disposal of PPE						-											-
Total Revenue (excluding capital transfers and contributions)		1,032,301	156,538	16,291	2,120	333,185	333,185	11,287	21,384	-	-	-	-	-	-	-	1,906,292
Expenditure By Type																	
Employee related costs																	-
Remuneration of councillors																	-
Debt impairment																	-
Depreciation & asset impairment																	-
Finance charges																	-
Bulk purchases																	-
Other materials																	-
Contracted services																	-
Transfers and subsidies																	-
Other expenditure																	-
Loss on disposal of PPE																	-
Total Expenditure		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		1,032,301	156,538	16,291	2,120	333,185	333,185	11,287	21,384	-	-	-	-	-	-	-	1,906,292
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)																	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																	-
Transfers and subsidies - capital (in-kind - all)																	-
Surplus/(Deficit) after capital transfers & contributions		1,032,301	156,538	16,291	2,120	333,185	333,185	11,287	21,384	-	-	-	-	-	-	-	1,906,292

Table 46 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Call investment deposits											
Call deposits											
Other current investments											
Total Call investment deposits	2	-	-	-	-	-	-	-	-	-	-
Consumer debtors											
Consumer debtors					419,242	419,242	419,242		809,151	857,700	909,162
Less: Provision for debt impairment									(349,802)	(351,435)	(353,165)
Total Consumer debtors	2	-	-	-	419,242	419,242	419,242	-	459,349	506,265	555,997
Debt impairment provision											
Balance at the beginning of the year					276,838	276,838	276,838		322,593	322,593	322,593
Contributions to the provision					45,755	45,755	45,755		27,209	28,842	30,573
Bad debts written off											
Balance at end of year		-	-	-	322,593	322,593	322,593	-	349,802	351,435	353,165
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)					7,083,719	7,083,719	7,083,719		7,213,652	7,402,453	7,555,163
Leases recognised as PPE											
Less: Accumulated depreciation	3				3,380,466	3,380,466	3,380,466		3,553,090	3,736,072	3,930,032
Total Property, plant and equipment (PPE)	2	-	-	-	3,703,253	3,703,253	3,703,253	-	3,660,562	3,666,381	3,625,131
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities					7,102	7,102	7,102		6,845	6,161	5,545
Total Current liabilities - Borrowing		-	-	-	7,102	7,102	7,102	-	6,845	6,161	5,545
Trade and other payables											
Trade and other creditors					126,186	126,186	126,186		560,435	594,061	629,704
Unspent conditional transfers					-	-	-		-	-	-
VAT					14,314	14,314	14,314		92,294	97,832	103,702
Total Trade and other payables	2	-	-	-	140,500	140,500	140,500	-	652,729	691,893	733,406
Non current liabilities - Borrowing											
Borrowing	4				12,204	12,204	12,204		14,451	13,006	11,705
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing		-	-	-	12,204	12,204	12,204	-	14,451	13,006	11,705
Provisions - non-current											
Retirement benefits											
List other major provision items											
Refuse landfill site rehabilitation											
Other									62,085	65,810	69,758
Total Provisions - non-current		-	-	-	-	-	-	-	62,085	65,810	69,758
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance					3,266,912	3,266,912	3,266,912				
GRAP adjustments					230,006	230,006	230,006				
Restated balance		-	-	-	3,496,918	3,496,918	3,496,918	-	-	-	-
Surplus/(Deficit)		-	-	-	229,333	269,319	269,991	-	162,435	231,113	267,626
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	-	-	-	3,726,251	3,766,237	3,766,909	-	162,435	231,113	267,626
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation									1,671		
Total Reserves	2	-	-	-	-	-	-	-	1,671	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	-	-	-	3,726,251	3,766,237	3,766,909	-	164,105	231,113	267,626

Table 47 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population						264 065	267 251	270 776				
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34						127 770	129 691	131 766				
Males aged 15 - 34						136 295	137 560	139 010				
Unemployment												
Monthly household income (no. of households)	1, 12											
No income												
R1 - R1 600												
R1 601 - R3 200												
R3 201 - R6 400												
R6 401 - R12 800												
R12 801 - R25 600												
R25 601 - R51 200												
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13					44 276	47 167	47 167				
Insert description	2											
Household/demographics (000)												
Number of people in municipal area						264 065	267 251	270 776				
Number of poor people in municipal area												
Number of households in municipal area						44 276	47 167	47 167				
Number of poor households in municipal area												
Definition of poor household (R per month)												
Housing statistics	3											
Formal												
Informal												
Total number of households			-	-	-	-	-	-	-	-	-	-
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
Economic	6											
Inflation/inflation outlook (CPIX)												
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates	7											
Property tax/service charges												
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												

2.16 Municipal Manager's quality certificate

I, **TMM Matshego** Acting Municipal Manager of the Rand West City Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name TMM Matshego

Acting Municipal Manager of Rand West City Local Municipality (GT485)

Signature _____

Date _____